UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 001-35547

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware **(State or Other Jurisdiction of Incorporation or Organization)**	**36-4392754** **(I.R.S. Employer Identification No.)**

222 Merchandise Mart, Suite 2024
Chicago, IL 60654
(Address of Principal Executive Offices, Zip Code)

(800) 334-8534
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on which Registered
Common Stock, par value $0.01 per share	**MDRX**	**The Nasdaq Stock Market LLC (Nasdaq Global Select Market)**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 31, 2019, there were 162,366,195 shares of the registrant's $0.01 par value common stock outstanding.

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.

FORM 10-Q

For the Fiscal Quarter Ended September 30, 2019

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In thousands, except per share amounts)	September 30, 2019	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 129,349	$ 174,243
Restricted cash	9,375	10,552
Accounts receivable, net of allowance of $41,387 and $50,406 as of September 30, 2019 and December 31, 2018, respectively	426,579	465,264
Contract assets	65,515	66,451
Prepaid expenses and other current assets	142,843	142,455
Total current assets	773,661	858,965
Fixed assets, net	96,813	121,913
Software development costs, net	236,551	209,660
Intangible assets, net	397,950	431,081
Goodwill	1,387,088	1,373,744
Deferred taxes, net	5,049	5,036
Contract assets - long-term	101,920	71,879
Right-of-use assets - operating leases	103,537	0
Other assets	127,372	109,206
Total assets	$ 3,229,941	$ 3,181,484

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.
CONSOLIDATED BALANCE SHEETS (CONTINUED)
(Unaudited)

(In thousands, except per share amounts)	September 30, 2019	December 31, 2018
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 101,725	$ 73,166
Accrued expenses	261,905	107,068
Accrued compensation and benefits	57,553	100,076
Income tax payable	0	29,644
Deferred revenue	373,105	466,797
Current maturities of long-term debt	358,574	20,059
Current operating lease liabilities	24,451	0
Current liabilities attributable to discontinued operations	0	920
Total current liabilities	1,177,313	797,730
Long-term debt	554,864	647,539
Deferred revenue	12,117	15,984
Deferred taxes, net	55,290	58,470
Long-term operating lease liabilities	100,230	0
Other liabilities	49,069	81,334
Total liabilities	1,948,883	1,601,057
Commitments and contingencies		
Stockholders' equity:		
Preferred stock: $0.01 par value, 1,000 shares authorized, no shares issued and outstanding as of September 30, 2019 and December 31, 2018	0	0
Common stock: $0.01 par value, 349,000 shares authorized as of September 30, 2019 and December 31, 2018; 272,496 and 163,219 shares issued and outstanding as of September 30, 2019, respectively; 270,955 and 171,224 shares issued and outstanding as of December 31, 2018, respectively	2,724	2,709
Treasury stock: at cost, 109,277 and 99,731 shares as of September 30, 2019 and December 31, 2018, respectively	(561,857)	(460,543)
Additional paid-in capital	1,876,078	1,881,494
(Accumulated deficit) retained earnings	(30,366)	132,842
Accumulated other comprehensive loss	(5,521)	(5,389)
Total Allscripts Healthcare Solutions, Inc.'s stockholders' equity	1,281,058	1,551,113
Non-controlling interest	0	29,314
Total stockholders' equity	1,281,058	1,580,427
Total liabilities and stockholders' equity	$ 3,229,941	$ 3,181,484

The accompanying notes are an integral part of these consolidated financial statements.

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(In thousands, except per share amounts)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Revenue:				
Software delivery, support and maintenance	$ 284,373	$ 274,138	$ 844,908	$ 839,176
Client services	159,811	158,292	475,785	468,440
Total revenue	444,184	432,430	1,320,693	1,307,616
Cost of revenue:				
Software delivery, support and maintenance	90,329	86,847	269,813	265,795
Client services	149,258	142,158	430,814	429,420
Amortization of software development and acquisition-related assets	29,295	25,473	86,547	76,017
Total cost of revenue	268,882	254,478	787,174	771,232
Gross profit	175,302	177,952	533,519	536,384
Selling, general and administrative expenses	101,152	108,125	306,939	350,975
Research and development	63,873	63,032	191,597	202,313
Asset impairment charges	248	0	4,037	30,075
Amortization of intangible and acquisition-related assets	6,847	6,609	20,376	19,630
Income (loss) from operations	3,182	186	10,570	(66,609)
Interest expense	(10,839)	(13,251)	(31,447)	(36,925)
Other income (loss), net	781	(536)	(143,700)	(584)
Gain on sale of businesses, net	0	0	0	172,258
Recovery (impairment) of long-term investments	0	0	1,045	(15,487)
Equity in net income (loss) of unconsolidated investments	386	(177)	540	529
(Loss) income from continuing operations before income taxes	(6,490)	(13,778)	(162,992)	53,182
Income tax benefit (provision)	765	1,637	(640)	(5,918)
(Loss) income from continuing operations, net of tax	(5,725)	(12,141)	(163,632)	47,264
Loss from discontinued operations	0	(13,857)	0	(32,980)
Income tax effect on discontinued operations	0	2,152	0	7,627
Loss from discontinued operations, net of tax	0	(11,705)	0	(25,353)
Net (loss) income	(5,725)	(23,846)	(163,632)	21,911
Net loss attributable to non-controlling interests	0	4	424	3,494
Accretion of redemption preference on redeemable convertible non-controlling interest - discontinued operations	0	(12,149)	0	(36,446)
Net loss attributable to Allscripts Healthcare Solutions, Inc. stockholders	$ (5,725)	$ (35,991)	$ (163,208)	$ (11,041)
Net (loss) income attributable to Allscripts Healthcare Solutions, Inc. stockholders per share:				
Basic				
Continuing operations	$ (0.03)	$ (0.07)	$ (0.97)	$ 0.28
Discontinued operations	0.00	(0.13)	0.00	(0.34)
Net loss attributable to Allscripts Healthcare Solutions, Inc. stockholders per share	$ (0.03)	$ (0.20)	$ (0.97)	$ (0.06)
Diluted				
Continuing operations	$ (0.03)	$ (0.07)	$ (0.97)	$ 0.28
Discontinued operations	0.00	(0.13)	0.00	(0.34)
Net loss attributable to Allscripts Healthcare Solutions, Inc. stockholders per share	$ (0.03)	$ (0.20)	$ (0.97)	$ (0.06)

The accompanying notes are an integral part of these consolidated financial statements.

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

(In thousands)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Net (loss) income	$ (5,725)	$ (23,846)	$ (163,632)	$ 21,911
Other comprehensive (loss) income:				
Foreign currency translation adjustments	(574)	(60)	(35)	(1,622)
Change in fair value of derivatives qualifying as cash flow hedges	(305)	(1,602)	(131)	(2,695)
Other comprehensive (loss) income before income tax (expense) benefit	(879)	(1,662)	(166)	(4,317)
Income tax (expense) benefit related to items in other comprehensive (loss) income	80	416	34	850
Total other comprehensive income (loss)	(799)	(1,246)	(132)	(3,467)
Comprehensive (loss) income	(6,524)	(25,092)	(163,764)	18,444
Comprehensive loss attributable to non-controlling interests	0	4	424	3,494
Comprehensive (loss) income, net	$ (6,524)	$ (25,088)	$ (163,340)	$ 21,938

The accompanying notes are an integral part of these consolidated financial statements.

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

(In thousands)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Number of common shares				
Balance at beginning of period	272,472	270,709	270,955	269,335
Common stock issued under stock compensation plans, net of shares withheld for employee taxes	24	97	1,541	1,471
Balance at end of period	272,496	270,806	272,496	270,806
Common stock				
Balance at beginning of period	$ 2,724	$ 2,707	$ 2,709	$ 2,693
Common stock issued under stock compensation plans, net of shares withheld for employee taxes	0	1	15	15
Balance at end of period	$ 2,724	$ 2,708	$ 2,724	$ 2,708
Number of treasury stock shares				
Balance at beginning of period	(105,818)	(96,175)	(99,731)	(88,504)
Issuance of treasury stock	0	76	61	76
Purchase of treasury stock	(3,459)	0	(9,607)	(7,671)
Balance at end of period	(109,277)	(96,099)	(109,277)	(96,099)
Treasury stock				
Balance at beginning of period	$ (524,767)	$ (424,640)	$ (460,543)	$ (322,735)
Issuance of treasury stock	0	1,119	846	1,119
Purchase of treasury stock	(37,090)	0	(102,160)	(101,905)
Balance at end of period	$ (561,857)	$ (423,521)	$ (561,857)	$ (423,521)
Additional paid-in capital				
Balance at beginning of period	$ 1,867,613	$ 1,766,863	$ 1,881,494	$ 1,781,059
Stock-based compensation	7,773	8,849	29,296	25,996
Common stock issued under stock compensation plans, net of shares withheld for employee taxes	9	918	(6,702)	(7,492)
Accretion of redemption preference on redeemable convertible non-controlling interest - discontinued operations	0	(12,149)	0	(36,446)
Subsidiary issuance of common stock	0	0	0	0
Issuance of treasury stock	0	(61)	(144)	(61)
Warrants issued	683	683	2,047	2,047
Acquisition of non-controlling interest	0	0	(29,913)	0
Balance at end of period	$ 1,876,078	$ 1,765,103	$ 1,876,078	$ 1,765,103
Retained earnings (accumulated deficit)				
Balance at beginning of period	$ (24,641)	$ (228,308)	$ 132,842	$ (338,150)
Net (loss) income less net loss attributable to non-controlling interests	(5,725)	(23,842)	(163,208)	25,405
ASC 606 implementation adjustments	0	787	0	58,225
ASC 606 implementation adjustments - discontinued operations	0	0	0	3,157
Balance at end of period	$ (30,366)	$ (251,363)	$ (30,366)	$ (251,363)
Accumulated other comprehensive loss				
Balance at beginning of period	$ (4,722)	$ (4,206)	$ (5,389)	$ (1,985)
Foreign currency translation adjustments, net	(574)	(60)	(35)	(1,622)
Unrecognized gain (loss) on derivatives qualifying as cash flow hedges, net of tax	(225)	(1,186)	(97)	(1,845)
Balance at end of period	$ (5,521)	$ (5,452)	$ (5,521)	$ (5,452)
Non-controlling interest				
Balance at beginning of period	$ 0	$ 29,208	$ 29,314	$ 39,190
Acquisition of non-controlling interest	0	0	(28,890)	(6,492)
Net loss attributable to non-controlling interests	0	(4)	(424)	(3,494)
Balance at end of period	$ 0	$ 29,204	$ 0	$ 29,204
Total Stockholders' Equity at beginning of period	$ 1,316,207	$ 1,141,624	$ 1,580,427	$ 1,160,072
Total Stockholders' Equity at end of period	$ 1,281,058	$ 1,116,679	$ 1,281,058	$ 1,116,679

The accompanying notes are an integral part of these consolidated financial statements.

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In thousands)	Nine Months Ended September 30, 2019	2018
Cash flows from operating activities:		
Net (loss) income	$ (163,632)	$ 21,911
Less: Loss from discontinued operations	0	(25,353)
(Loss) income from continuing operations	(163,632)	47,264
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	152,250	143,016
Operating right-of-use asset amortization	16,722	0
Stock-based compensation expense	29,563	25,867
Deferred taxes	(3,066)	6,091
Asset impairment charges	4,037	30,075
(Recovery) impairment of long-term investments	(1,045)	15,487
Equity in net (loss) income of unconsolidated investments	(540)	(529)
Gain on sale of businesses, net	0	(172,258)
Other loss (income), net	2,796	(819)
Changes in operating assets and liabilities (net of businesses acquired):		
Accounts receivable and contract assets, net	53,886	1,528
Prepaid expenses and other assets	615	(12,425)
Accounts payable	27,571	18,246
Accrued expenses	145,450	12,636
Accrued compensation and benefits	(43,426)	174
Deferred revenue	(138,639)	(47,265)
Other liabilities	(701)	(1,759)
Operating leases	(17,897)	0
Net cash provided by operating activities - continuing operations	63,944	65,329
Net cash (used in) provided by operating activities - discontinued operations	(30,000)	16,225
Net cash provided by operating activities	33,944	81,554
Cash flows from investing activities:		
Capital expenditures	(13,475)	(21,924)
Capitalized software	(86,190)	(83,093)
Cash paid for business acquisitions, net of cash acquired	(23,443)	(177,233)
Cash received from sale of businesses, net	0	241,153
Purchases of equity securities, other investments and related intangible assets, net	(7,191)	(2,723)
Other proceeds from investing activities	14	54
Net cash used in investing activities - continuing operations	(130,285)	(43,766)
Net cash used in investing activities - discontinued operations	0	(189,555)
Net cash used in investing activities	(130,285)	(233,321)
Cash flows from financing activities:		
Proceeds from sale or issuance of common stock	0	1,283
Taxes paid related to net share settlement of equity awards	(6,762)	(8,763)
Payments of lease obligations	(108)	(389)
Credit facility payments	(15,000)	(250,001)
Credit facility borrowings, net of issuance costs	249,241	325,843
Repurchase of common stock	(102,160)	(101,905)
Repurchase of unsettled common stock	(9,301)	0
Payment of acquisition and other financing obligations	(11,473)	(3,226)
Purchases of subsidiary shares owned by non-controlling interest	(54,064)	(6,945)
Net cash provided by (used in) financing activities - continuing operations	50,373	(44,103)
Net cash provided by financing activities - discontinued operations	0	153,491
Net cash provided by financing activities	50,373	109,388
Effect of exchange rate changes on cash and cash equivalents	(103)	(328)
Net decrease in cash and cash equivalents	(46,071)	(42,707)
Cash, cash equivalents and restricted cash, beginning of period	184,795	162,498
Cash, cash equivalents and restricted cash, end of period	138,724	119,791
Less: Cash and cash equivalents included in current assets attributable to discontinued operations	0	(17,767)
Cash, cash equivalents and restricted cash, end of period, excluding discontinued operations	$ 138,724	$ 102,024

The accompanying notes are an integral part of these consolidated financial statements.

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation and Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Allscripts Healthcare Solutions, Inc. ("Allscripts") and its wholly-owned subsidiaries and controlled affiliates. All significant intercompany balances and transactions have been eliminated. Each of the terms "we," "us," "our" or the "Company" as used herein refers collectively to Allscripts Healthcare Solutions, Inc. and its wholly-owned subsidiaries and controlled affiliates, unless otherwise stated.

Unaudited Interim Financial Information

The unaudited interim consolidated financial statements as of September 30, 2019 and for the three and nine months ended September 30, 2019 and 2018 have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (the "SEC") for interim financial reporting. These interim consolidated financial statements are unaudited and, in the opinion of our management, include all adjustments, consisting of normal recurring adjustments and accruals, necessary to present fairly the consolidated financial statements for the periods presented in accordance with generally accepted accounting principles in the United States of America ("GAAP"). The consolidated results of operations for the three and nine months ended September 30, 2019 are not necessarily indicative of the results to be expected for the full year ending December 31, 2019.

Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted in accordance with the SEC's rules and regulations for interim reporting. The Company believes that the disclosures made are adequate to make these unaudited interim consolidated financial statements not misleading. They should be read in conjunction with the consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2018 (our "Form 10-K").

Use of Estimates

The preparation of consolidated financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the amounts reported and disclosed in the consolidated financial statements and the accompanying notes. Actual results could differ materially from these estimates.

Change in Presentation

During the first quarter of 2019, we changed our reportable segments from Clinical and Financial Solutions, Population Health and Unallocated to Provider, Veradigm and Unallocated. The business units reported within the historical segments have been reallocated into the new segments. Refer to Note 15 "Business Segments" for further discussion on the impact of the change.

Significant Accounting Policies

We adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update No. 2016-02, *"Leases (Topic 842)"* ("ASU 2016-02") on January 1, 2019 using the cumulative-effect adjustment transition method. This method requires us to recognize an adoption impact as a cumulative-effect adjustment to the January 1, 2019 retained earnings balance. Prior period balances were not adjusted upon adoption of this standard. The standard requires that leased assets and corresponding lease liabilities be recognized within the consolidated balance sheets as right-of-use assets and operating or financing lease liabilities. Please refer to Note 3 "Leases" for further discussion on the impact of adoption.

Recently Adopted Accounting Pronouncements

In August 2017, the FASB issued Accounting Standards Update No. 2017-12,*Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities"* ("ASU 2017-12"), which provides new accounting guidance to simplify and improve the reporting of hedging relationships to better portray the economic results of an entity's risk management activities in its financial statements. In addition to that main objective, the amendments in ASU 2017-12 make certain targeted improvements to simplify the application of the hedge accounting guidance in current GAAP. We adopted ASU 2017-12 on January 1, 2019, and the adoption did not have any effect on our consolidated financial statements.

In June 2018, the FASB issued Accounting Standards Update No. 2018-07, "*Compensation-Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*" ("ASU 2018-07"), which expands the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. ASU 2018-07 specifies that Topic 718 applies to all share-based payment transactions in which a grantor acquires goods or services to be used or consumed in its own operations by issuing share-based payment awards. ASU 2018-07 also clarifies that Topic 718 does not apply to share-based payments used to effectively provide (1) financing to the issuer or (2) awards granted in conjunction with selling goods or services to customers. We adopted this standard on January 1, 2019, and the adoption did not have any effect on our consolidated financial statements.

Accounting Pronouncements Not Yet Adopted

In August 2018, the FASB issued Accounting Standards Update No. 2018-13,*"Fair Value Measurement (Topic 820) – Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement"* ("ASU 2018-13"), which eliminates, adds and modifies certain disclosure requirements for fair value measurements. Entities will no longer be required to disclose the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, but public companies will be required to disclose the range and weighted-average of significant unobservable inputs used to develop Level 3 fair value measurements. ASU 2018-13 will be effective for all entities for interim and annual periods beginning after December 15, 2019, with early adoption permitted. We are currently evaluating the disclosure impact of this accounting guidance.

In June 2016, the FASB issued Accounting Standards Update No. 2016-13,*Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments"* ("ASU 2016-13"). The guidance in ASU 2016-13 replaces the incurred loss impairment methodology under current GAAP. The new impairment model requires immediate recognition of estimated credit losses expected to occur for most financial assets and certain other instruments. For available-for-sale debt securities with unrealized losses, the losses will be recognized as allowances rather than reductions in the amortized cost of the securities. ASU 2016-13 is effective for annual periods beginning after December 15, 2019, and interim periods within those annual periods. Early adoption is permitted for fiscal years beginning after December 15, 2018. We are currently in the process of evaluating this new guidance, which we expect to have an impact on our consolidated financial statements and results of operations.

We do not believe that any other recently issued, but not yet effective accounting standards, if adopted, will have a material impact on our consolidated financial statements.

2. Revenue from Contracts with Customers

Our two primary revenue streams are (i) software delivery, support and maintenance and (ii) client services. Software delivery, support and maintenance revenue consists of all of our proprietary software sales (either under a perpetual or term license delivery model), subscription-based software sales, transaction-related revenue, the resale of hardware and third-party software and revenue from post-contract client support and maintenance services, which include telephone support services, maintaining and upgrading software and ongoing enhanced maintenance. Client services revenue consists of revenue from managed services solutions, such as private cloud hosting, outsourcing and revenue cycle management, as well as other client services and project-based revenue from implementation, training and consulting services. For some clients, we host the software applications licensed from us using our own or third-party servers. For other clients, we offer an outsourced service in which we assume partial to total responsibility for a healthcare organization's IT operations using our employees.

At September 30, 2019 and December 31, 2018, we had capitalized costs to obtain or fulfill a contract of $20.9 million and $24.7 million, respectively, in Prepaid and other current assets and $32.2 million and $33.8 million, respectively, in Other assets. During the three months ended September 30, 2019 and 2018, we recognized $7.5 million and $7.1 million, respectively, of amortization expense related to such capitalized costs. During the nine months ended September 30, 2019 and 2018, we recognized $22.5 million and $22.3 million, respectively, of amortization expense related to such capitalized costs. The amortization of these capitalized costs to obtain a contract are included in Selling, general and administrative expense within our consolidated statements of operations.

The timing of revenue recognition, billings and cash collections results in billed and unbilled accounts receivable, contract assets and customer advances and deposits. Accounts receivable, net includes both billed and unbilled amounts where the right to receive payment is unconditional and only subject to the passage of time. Contract assets include amounts where revenue recognized exceeds the amount billed to the customer and the right to payment is not solely subject to the passage of time. Deferred revenue includes advanced payments and billings in excess of revenue recognized. Our contract assets and deferred revenue are reported in a net position on an individual contract basis at the end of each reporting period. Contract assets are classified as current or long-term based on the timing of when we expect to complete the related performance obligations and bill the customer. Deferred revenue is classified as current or long-term based on the timing of when we expect to recognize revenue.

The breakdown of revenue recognized related based on the origination of performance obligations and elected accounting expedients is presented in the table below:

(In thousands)	Three Months Ended March 31, 2019	Three Months Ended June 30, 2019	Three Months Ended September 30, 2019
Revenue related to deferred revenue balance at beginning of period	$ 126,184	$ 146,150	$ 151,543
Revenue related to new performance obligations satisfied during the period	248,221	233,696	228,927
Revenue recognized under "right-to-invoice" expedient	55,923	62,245	61,814
Reimbursed travel expenses, shipping and other revenue	1,721	2,369	1,900
Total revenue	$ 432,049	$ 444,460	$ 444,184

(In thousands)	Three Months Ended March 31, 2018	Three Months Ended June 30, 2018	Three Months Ended September 30, 2018
Revenue related to deferred revenue balance at beginning of period	$ 181,398	$ 196,163	$ 153,151
Revenue related to new performance obligations satisfied during the period	200,232	180,001	225,641
Revenue recognized under "right-to-invoice" expedient	49,403	62,533	51,288
Reimbursed travel expenses, shipping and other revenue	2,689	2,767	2,350
Total revenue	$ 433,722	$ 441,464	$ 432,430

The aggregate amount of contract transaction price related to remaining unsatisfied performance obligations (commonly referred to as "backlog") represents contracted revenue that has not yet been recognized and includes both deferred revenue and amounts that will be invoiced and recognized as revenue in future periods. Total backlog equaled $3.9 billion as of September 30, 2019, of which we expect to recognize approximately38% over the next 12 months, and the remaining 62% thereafter.

Revenue Recognition

We recognize revenue only when we satisfy an identified performance obligation (or bundle of obligations) by transferring control of a promised product or service to a customer. We consider a product or service to be transferred when a customer obtains control because a customer has sole possession of the right to use (or the right to direct the use of) the product or service for the remainder of its economic life or to consume the product or service in its own operations. We evaluate the transfer of control primarily from the customer's perspective as this reduces the risk that revenue is recognized for activities that do not transfer control to the customer.

The majority of our revenue is recognized over time because a customer continuously and simultaneously receives and consumes the benefits of our performance. The exceptions to this pattern are our sales of perpetual and term software licenses, and hardware, where we determined that a customer obtains control of the asset upon granting of access, delivery or shipment.

We disaggregate our revenue from contracts with customers based on the type of revenue and nature of revenue stream, as we believe those categories best depict how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors. The below tables summarize revenue by type and nature of revenue stream as well as by our reportable segments:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	2019	2018	2019	2018
Revenue:				
Recurring revenue	$ 349,455	$ 349,404	$ 1,048,204	$ 1,063,440
Non-recurring revenue	94,729	83,026	272,489	244,176
Total revenue	$ 444,184	$ 432,430	$ 1,320,693	$ 1,307,616

	Three Months Ended September 30, 2019			
(In thousands)	Provider	Veradigm	Unallocated	Total
Software delivery, support and maintenance	$ 241,516	$ 37,494	$ 5,363	$ 284,373
Client services	155,163	4,186	462	159,811
Total revenue	$ 396,679	$ 41,680	$ 5,825	$ 444,184

	Three Months Ended September 30, 2018			
(In thousands)	Provider	Veradigm	Unallocated	Total
Software delivery, support and maintenance	$ 241,142	$ 35,686	$ (2,690)	$ 274,138
Client services	161,071	3,089	(5,868)	158,292
Total revenue	$ 402,213	$ 38,775	$ (8,558)	$ 432,430

	Nine Months Ended September 30, 2019			
(In thousands)	Provider	Veradigm	Unallocated	Total
Software delivery, support and maintenance	$ 726,310	$ 108,987	$ 9,611	$ 844,908
Client services	468,666	6,330	789	475,785
Total revenue	$ 1,194,976	$ 115,317	$ 10,400	$ 1,320,693

	Nine Months Ended September 30, 2018			
(In thousands)	Provider	Veradigm	Unallocated	Total
Software delivery, support and maintenance	$ 752,650	$ 89,908	$ (3,382)	$ 839,176
Client services	473,454	5,171	(10,185)	468,440
Total revenue	$ 1,226,104	$ 95,079	$ (13,567)	$ 1,307,616

3. Leases

We adopted ASU 2016-02 on January 1, 2019 using the cumulative-effect adjustment transition method.The new guidance requires the recognition of leased arrangements on the balance sheet as right-of-use assets and liabilities pertaining to the rights and obligations created by the leased assets.

We determine whether an arrangement is a lease at inception. Assets leased under an operating lease arrangement are recorded in Right-of-use assets – operating leases and the associated lease liabilities are included in Current operating lease liabilities and Long-term operating lease liabilities within the consolidated balance sheets. Assets leased under finance lease arrangements are recorded within fixed assets and the associated lease liabilities are recorded within Accrued expenses and Other liabilities within the consolidated balance sheets.

Right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the expected lease term. Since our lease arrangements do not provide an implicit rate, we use our incremental borrowing rate in conjunction with the market swap rate for the expected remaining lease team at commencement date for new leases, or as of January 1, 2019 for existing leases, in determining the present value of future lease payments. Our expected lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Operating lease expense is recognized on a straight-line basis over the lease term.

We have elected the group of practical expedients under ASU 2016-02 to forego assessing upon adoption: (1) whether any expired contracts are or contain leases; (2) the lease classification for any existing or expired leases and (3) any indirect costs that would have qualified for capitalization for any existing leases. We have lease agreements with lease and non-lease components, which are generally accounted for separately except for real estate and vehicle leases, which we have elected to combine through a practical expedient under ASU 2016-02. Non-lease components for our leases typically comprise of executory costs, which under the practical expedient allows for all executory costs to be recorded as lease payments. Additionally, for certain equipment leases, we apply a portfolio approach to effectively record right-of-use assets and liabilities.

Our operating leases mainly include office leases and our finance leases include office and computer equipment leases. Our leases have remaining lease terms of approximately 1 year to 9 years, some of which include options to extend the leases for up to5 years, which may include options to terminate the leases within 1 year. Total costs associated with leased assets are as follows:

(In thousands)	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2019
Operating lease cost [1]	$ 7,113	$ 20,881
Less: Sublease income	(824)	(2,404)
Total operating lease costs	$ 6,289	$ 18,477
Finance lease costs:		
Amortization of right-of-use assets [2]	$ 34	$ 122
Interest on lease liability [3]	2	6
Total finance lease costs	$ 36	$ 128

(1) Operating lease costs are recognized on a straight-line basis and are included in Selling, general and administrative expenses within the consolidated statement of operations.

(2) Amortization of finance right-of-use assets is recognized on a straight-line basis and is included in in Selling, general and administrative expenses within the consolidated statement of operations.

(3) Interest on finance lease liabilities is recorded as Interest expense within the consolidated statement of operations .

Supplemental information for operating and finance leases is as follows:

(In thousands)		Nine Months Ended September 30, 2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$	22,211
Operating cash flows from finance leases	$	6
Financing cash flows from finance leases	$	108
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$	144,080
Finance leases	$	263

The balance sheet location and balances for operating and finance leases are as follows:

(In thousands, except lease term and discount rate)		September 30, 2019
Operating leases:		
Right-of-use assets - operating leases	$	103,537
Current operating lease liabilities	$	24,451
Long-term operating lease liabilities	$	100,230
Finance leases:		
Fixed assets, gross	$	524
Accumulated depreciation		357
Fixed assets, net	$	167
Current finance lease liabilities [1]	$	127
Long-term finance lease liabilities [2]	$	57
Weighted average remaining lease term (in years)		
Operating leases		6
Finance leases		2
Weighted average discount rate		
Operating leases		4.3%
Finance leases		5.1%

[1] Current finance lease liabilities are included in Accrued expenses within the consolidated balance sheets.
[2] Long-term finance lease liabilities are included in Other liabilities within the consolidated balance sheets.

The future maturities of our leasing arrangements including lease and non-lease components are shown in the below table. The maturities are calculated using foreign currency exchange rates in effect as of September 30, 2019.

	September 30, 2019			
(In thousands)		Operating Leases		Finance Leases
Remainder of 2019	$	7,824	$	58
2020		27,923		85
2021		23,131		40
2022		21,630		7
2023		19,324		0
Thereafter		42,396		0
Total lease liabilities		142,228		190
Less: Amount representing interest		(17,547)		(6)
Less: Short-term lease liabilities		(24,451)		(127)
Total long-term lease liabilities	$	100,230	$	57

4. Business Combinations

On July 2, 2019, we acquired the Pinnacle and Diabetes Collaborative Registries from the American College of Cardiology ("ACC") as part of our broader strategic partnership with the ACC. The total purchase price was $19.7 million, consisting of an initial payment of $11.7 million plus up to an aggregate of $8.0 million pending the attainment certain milestones over the next 18 months. The contingent consideration of up to $8.0 million was valued at $5.0 million at the time of closing. As part of this partnership, we will operate Pinnacle and Diabetes Collaborative Registries, which will extend our EHR-enabled ambulatory network to create a large-scale chronic disease network. The business is included in our Veradigm business segment.

On June 10, 2019, we acquired the assets of a business engaged in the development, implementation, customization, marketing, licensing and sale of a specialty prescription drug platform including software that collects, saves and transmits information required to fill a prescription. The drug platform and software will enable healthcare providers, pharmacists and payors to digitally interact with one another to fill a prescription. The business is included in our Veradigm business segment.

On March 1, 2019, we acquired all of the outstanding minority interest in Pulse8, Inc., a healthcare analytics and technology company that provides business intelligence software solutions for health plans and at-risk providers to enable them to analyze their risk adjustment and quality management programs, for $53.8 million (subject to adjustments for net working capital and a contingency holdback), plus up to a $10.0 million earnout based upon revenue targets through 2019. We initially acquired a controlling stake in Pulse 8, Inc. on September 8, 2016. This transaction was treated as an equity transaction and the cash payment is reported as part of cash flow from financing activities in the consolidated statement of cash flows for the nine months ended September 30, 2019.

Other Acquisitions and Divestiture

On June 15, 2018, we acquired all the outstanding minority interest in a third party for $6.9 million. We initially acquired a controlling interest in the third party in April 2015. This acquisition was treated as an equity transaction and the cash payment is reported as part of cash flow from financing activities in the consolidated statements of cash flows for the nine months ended September 30, 2018.

On April 2, 2018 we sold substantially all of the assets of the Allscripts' business providing hospitals and health systems document and other content management software services generally known as "OneContent" to Hyland Software, Inc. Total consideration for the OneContent business was $260.0 million and we realized a pre-tax gain upon sale of $177.9 million, which is included in the "Gain on sale of businesses, net" line in our consolidated statements of operations for the nine months ended September 30, 2018.

5. Fair Value Measurements and Long-term Investments

Fair value measurements are based upon observable and unobservable inputs.

Level 1: Inputs are unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2: Inputs, other than quoted prices included in Level 1, are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs are significant to the fair value of the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

The following table summarizes our financial assets and liabilities measured at fair value on a recurring basis as of the respective balance sheet dates:

	Balance Sheet	September 30, 2019				December 31, 2018			
(In thousands)	Classifications	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Foreign exchange derivative assets	Prepaid expenses and other current assets	$ 0	$ 131	$ 0	$ 131	$ 0	$ 262	$ 0	$ 262
1.25% Call Option	Other assets	0	0	2,842	2,842	0	0	9,104	9,104
Total assets		$ 0	$ 131	$ 2,842	$ 2,973	$ 0	$ 262	$ 9,104	$ 9,366
Contingent consideration - current	Accrued expenses	$ 0	$ 0	$ 22,541	$ 22,541	$ 0	$ 0	$ 10,528	$ 10,528
Contingent consideration - long-term	Other liabilities	0	0	3,546	3,546	0	0	15,317	15,317
1.25% Embedded cash conversion option	Other liabilities	0	0	3,619	3,619	0	0	9,974	9,974
Total liabilities		$ 0	$ 0	$ 29,706	$ 29,706	$ 0	$ 0	$ 35,819	$ 35,819

The changes in Level 3 assets and liabilities measured at fair value on a recurring basis at September 30, 2019 are summarized as follows:

(In thousands)	Contingent Consideration	1.25% Notes Call Spread Overlay
Balance at December 31, 2018	$ 25,845	$ (870)
Additions	11,791	0
Payments	(11,500)	0
Fair value adjustments	(49)	93
Balance at September 30, 2019	$ 26,087	$ (777)

Long-term Investments

The following table summarizes our long-term equity investments which are included in Other assets in the accompanying consolidated balance sheets:

(In thousands, except for number of investees)	Number of Investees at September 30, 2019	Original Cost	Carrying Value at September 30, 2019	Carrying Value at December 31, 2018
Equity method investments [1]	5	$ 7,407	$ 11,207	$ 10,667
Cost method and available-for-sale investments	9	43,874	34,158	25,923
Total long-term equity investments	14	$ 51,281	$ 45,365	$ 36,590

(1) Allscripts share of the earnings of our equity method investees is reported based on a one quarter lag.

As of September 30, 2019, it is not possible to estimate the fair value of our non-marketable cost and equity method investments, primarily because of their illiquidity and restricted marketability. The factors we considered in trying to determine fair value include, but are not limited to, available financial information, the issuer's ability to meet its current obligations, the issuer's subsequent or planned raises of capital and observable price changes in orderly transactions.

We acquired a $6.0 million non-marketable convertible note of a third party on August 1, 2019, which is included in the "Other assets" caption in the consolidated balance sheet as of September 30, 2019. We also entered into a commercial agreement with the third party to develop datasets to support the practice of precision medicine.

Recovery and Impairment of Long-term Investments

During the nine months ended September 30, 2019, we recovered $1.0 million from a third-party cost-method investment that we had previously impaired, which was recognized in the first quarter 2019. Each quarter, management performs an assessment of each of our investments on an individual basis to determine if there have been any declines in fair value. As a result of this review, we recognized non-cash impairment charges during the nine months ended September 30, 2018 of $15.5 million, related to one of our cost-method equity investments and a related note receivable. These charges equaled the cost bases of the investment and note receivable prior to the impairment and are included in Recovery (impairment) of long-term investments within the consolidated statements of operations.

Long-term Financial Liabilities

Our long-term financial liabilities include amounts outstanding under our senior secured credit facility (as defined in Note 9, "Debt"), with carrying values that approximate fair value since the interest rates approximate current market rates. The carrying amount of our 1.25% Cash Convertible Senior Notes (the "1.25% Notes") approximates fair value as of September 30, 2019, since the effective interest rate on the 1.25% Notes approximates current market rates. Refer to Note 9, "Debt," for further information regarding our long-term financial liabilities.

6. Stockholders' Equity

Stock-based Compensation Expense

Stock-based compensation expense recognized during the three and nine months ended September 30, 2019 and 2018 is included in our consolidated statements of operations as shown in the below table. Stock-based compensation expense includes both non-cash expense related to grants of stock-based awards as well as cash expense related to the employee discount applied to purchases of our common stock under our employee stock purchase plan. No stock-based compensation costs were capitalized during the three and nine months ended September 30, 2019 and 2018.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	**2019**	**2018**	**2019**	**2018**
Cost of revenue:				
Software delivery, support and maintenance	$ 395	$ 498	$ 1,522	$ 1,538
Client services	765	1,031	3,021	3,537
Total cost of revenue	1,160	1,529	4,543	5,075
Selling, general and administrative expenses	5,643	6,208	20,799	17,672
Research and development	1,677	2,349	7,125	7,248
Total stock-based compensation expense	$ 8,480	$ 10,086	$ 32,467	$ 29,995

Allscripts Long-Term Incentive Plan

We measure stock-based compensation expense at the grant date based on the fair value of the award. We recognize the expense for service-based share awards over the requisite service period on a straight-line basis, net of estimated forfeitures. We recognize the expense for performance-based and market-based share awards over the vesting period under the accelerated attribution method, net of estimated forfeitures. In addition, we recognize stock-based compensation cost for awards with performance conditions if and when we conclude that it is probable that the performance conditions will be achieved.

The fair value of service-based and performance-based restricted stock units is measured at the underlying closing share price of our common stock on the date of grant. The fair value of market-based restricted stock units is measured using the Monte Carlo pricing model. No stock options were granted during the three and nine months ended September 30, 2019 and 2018.

We granted stock-based awards as follows:

(In thousands, except per share amounts)	Three Months Ended September 30, 2019		Nine Months Ended September 30, 2019	
	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value
Service-based restricted stock units	0	$ 0.00	3,973	$ 9.85
Market-based restricted stock units with a service condition	0	$ 0.00	700	$ 11.74
	0	$ 0.00	4,673	$ 10.14

During the nine months ended September 30, 2019 and the year ended December 31, 2018,1.5 million and 1.6 million shares of common stock, respectively, were issued in connection with the exercise of options and the release of restrictions on stock awards.

Net Share-settlements

Upon vesting, restricted stock units are generally net share-settled to cover the required withholding tax and the remaining amount is converted into an equivalent number of shares of common stock. The majority of restricted stock units and awards that vested during the nine months ended September 30, 2019 and 2018 were net-share settled such that we withheld shares with fair value equivalent to the employees' minimum statutory obligation for the applicable income and other employment taxes and remitted the cash to the appropriate taxing authorities. Total payments for the employees' minimum statutory tax obligations to the taxing authorities are reflected as a financing activity within the accompanying consolidated statements of cash flows. The total shares withheld for the nine months ended September 30, 2019 and 2018 were 658 thousand and 629 thousand, respectively, and were based on the value of the restricted stock units on their vesting date as determined by our closing stock price. These net-share settlements had the effect of share repurchases by us as they reduced the number of shares that would have otherwise been issued as a result of the vesting.

Stock Repurchases

On November 17, 2016, we announced that our Board of Directors approved a stock purchase program (the "2016 Program") under which we may repurchase up to $200 million of our common stock through December 31, 2019. On August 2, 2018, we announced that our Board of Directors approved a new stock purchase program (the "2018 Program") under which we may repurchase up to $250 million of our common stock through December 31, 2020, replacing the 2016 Program. We repurchased 3.5 million of our common stock under the 2018 Program for a total of $37.1 million during the three months ended September 30, 2019. We repurchased 9.6 million shares of our common stock under the 2018 Program for a total of $102.2 million during the nine months ended September 30, 2019. We did initiate share transactions to purchase an additional 0.9 million shares for $9.3 million under the 2018 Program for the three months ended September 30, 2019, but the transactions were not settled until October 2019. The shares settled in October 2019 were outstanding as of September 30, 2019, and therefore will be recorded as a financing transaction as "Repurchase of unsettled common stock" within the consolidated statements of cash flows and recorded as "Other assets" within the consolidated balance sheets. The approximate dollar value of shares that may yet be purchased under the 2018 Program is $111.1 million as of September 30, 2019, which does not include the share transactions settled in October 2019. We repurchased 7.7 million shares of our common stock under the 2016 Program for a total of $101.9 million during the nine months ended September 30, 2018, of whichnone were repurchased during the three months ended September 30, 2018. Any future stock repurchase transactions may be made through open market transactions, block trades, privately negotiated transactions (including accelerated share repurchase transactions) or other means, subject to market conditions. Any repurchase activity will depend on many factors such as our working capital needs, cash requirements for investments, debt repayment obligations, economic and market conditions at the time, including the price of our common stock, and other factors that we consider relevant. Our stock repurchase program may be accelerated, suspended, delayed or discontinued at any time.

7. Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted-average shares of common stock outstanding. For purposes of calculating diluted earnings (loss) per share, the denominator includes both the weighted-average shares of common stock outstanding and dilutive common stock equivalents. Dilutive common stock equivalents consist of stock options, restricted stock unit awards and warrants calculated under the treasury stock method.

The calculations of earnings (loss) per share are as follows:

(In thousands, except per share amounts)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Basic earnings (loss) per Common Share:				
(Loss) income from continuing operations, net of tax	$ (5,725)	$ (12,141)	$ (163,632)	$ 47,264
Net loss attributable to non-controlling interests	0	4	424	3,494
Net (loss) income from continuing operations attributable to Allscripts Healthcare Solutions, Inc. stockholders	$ (5,725)	$ (12,137)	$ (163,208)	$ 50,758
Loss from discontinued operations, net of tax	$ 0	$ (11,705)	$ 0	$ (25,353)
Accretion of redemption preference on redeemable convertible non-controlling interest - discontinued operations	0	(12,149)	0	(36,446)
Net loss from discontinued operations attributable to Allscripts Healthcare Solutions, Inc. stockholders	0	(23,854)	0	(61,799)
Net loss attributable to Allscripts Healthcare Solutions, Inc. stockholders	$ (5,725)	$ (35,991)	$ (163,208)	$ (11,041)
Weighted-average common shares outstanding	166,391	174,638	167,610	176,942
Basic (loss) earnings from continuing operations per Common Share	$ (0.03)	$ (0.07)	$ (0.97)	$ 0.28
Basic loss from discontinued operations per Common Share	0.00	(0.13)	0.00	(0.34)
Net (loss) income attributable to Allscripts Healthcare Solutions, Inc. stockholders per Common Share	$ (0.03)	$ (0.20)	$ (0.97)	$ (0.06)
Diluted earnings (loss) per Common Share:				
(Loss) income from continuing operations, net of tax	$ (5,725)	$ (12,141)	$ (163,632)	$ 47,264
Net loss attributable to non-controlling interests	0	4	424	3,494
Net (loss) income from continuing operations attributable to Allscripts Healthcare Solutions, Inc. stockholders	$ (5,725)	$ (12,137)	$ (163,208)	$ 50,758
Loss from discontinued operations, net of tax	$ 0	$ (11,705)	$ 0	$ (25,353)
Accretion of redemption preference on redeemable convertible non-controlling interest - discontinued operations	0	(12,149)	0	(36,446)
Net loss from discontinued operations attributable to Allscripts Healthcare Solutions, Inc. stockholders	0	(23,854)	0	(61,799)
Net (loss) income attributable to Allscripts Healthcare Solutions, Inc. stockholders	$ (5,725)	$ (35,991)	$ (163,208)	$ (11,041)
Weighted-average common shares outstanding	166,391	174,638	167,610	176,942
Plus: Dilutive effect of stock options, restricted stock unit awards and warrants	0	0	0	0
Weighted-average common shares outstanding assuming dilution	166,391	174,638	167,610	176,942
Diluted (loss) earnings from continuing operations per Common Share	$ (0.03)	$ (0.07)	$ (0.97)	$ 0.28
Diluted loss from discontinued operations per Common Share	0.00	(0.13)	0.00	(0.34)
Net (loss) income attributable to Allscripts Healthcare Solutions, Inc. stockholders per Common Share	$ (0.03)	$ (0.20)	$ (0.97)	$ (0.06)

Due to the net loss attributable to Allscripts Healthcare Solutions, Inc. stockholders for the three and nine months ended September 30, 2019 and 2018, we used basic weighted-average common shares outstanding in the calculation of diluted loss per share for those periods, since the inclusion of any stock equivalents would be anti-dilutive.

The following stock options, restricted stock unit awards and warrants are not included in the computation of diluted earnings (loss) per share as the effect of including such stock options, restricted stock unit awards and warrants in the computation would be anti-dilutive:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	**2019**	**2018**	**2019**	**2018**
Shares subject to anti-dilutive stock options, restricted stock unit awards and warrants excluded from calculation	27,969	24,191	27,350	24,688

8. Goodwill and Intangible Assets

Goodwill and intangible assets consist of the following:

	September 30, 2019			December 31, 2018		
(In thousands)	**Gross Carrying Amount**	**Accumulated Amortization**	**Intangible Assets, Net**	**Gross Carrying Amount**	**Accumulated Amortization**	**Intangible Assets, Net**
Intangibles subject to amortization:						
Proprietary technology	$ 546,078	$ (428,261)	$ 117,817	$ 537,834	$ (401,093)	$ 136,741
Customer contracts and relationships	710,853	(482,720)	228,133	704,808	(462,468)	242,340
Total	$ 1,256,931	$ (910,981)	$ 345,950	$ 1,242,642	$ (863,561)	$ 379,081
Intangibles not subject to amortization:						
Registered trademarks			$ 52,000			$ 52,000
Goodwill			1,387,088			1,373,744
Total			$ 1,439,088			$ 1,425,744

Changes in the carrying amounts of goodwill by reportable segment for the nine months ended September 30, 2019 were as follows:

(In thousands)	**Provider**	**Veradigm**	**Total**
Balance as of December 31, 2018	$ 1,254,284	$ 119,460	$ 1,373,744
Additions	0	13,707	13,707
Foreign exchange translation	(363)	0	(363)
Balance as of September 30, 2019	$ 1,253,921	$ 133,167	$ 1,387,088

There are $13.5 million in accumulated impairment losses associated with our goodwill as of September 30, 2019 and December 31, 2018. Additions to goodwill in 2019 resulted from the purchase of the Pinnacle and Diabetes Collaborative Registries and a prescription drug software company. The goodwill for both purchases is expected to be deductible for tax purposes.

9. Debt

Debt outstanding, excluding lease obligations, consists of the following:

(In thousands)	September 30, 2019 Principal Balance	September 30, 2019 Unamortized Discount and Debt Issuance Costs	September 30, 2019 Net Carrying Amount	December 31, 2018 Principal Balance	December 31, 2018 Unamortized Discount and Debt Issuance Costs	December 31, 2018 Net Carrying Amount
1.25% Cash Convertible Senior Notes	$ 345,000	$ 11,236	$ 333,764	$ 345,000	$ 22,112	$ 322,888
Senior Secured Credit Facility	585,000	5,628	579,372	350,000	6,038	343,962
Other debt	302	0	302	748	0	748
Total debt	$ 930,302	$ 16,864	$ 913,438	$ 695,748	$ 28,150	$ 667,598
Less: Debt payable within one year	359,067	493	358,574	20,538	479	20,059
Total long-term debt, less current maturities	$ 571,235	$ 16,371	$ 554,864	$ 675,210	$ 27,671	$ 647,539

Interest expense consists of the following:

(In thousands)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Interest expense	$ 6,741	$ 9,352	$ 19,404	$ 25,436
Amortization of discounts and debt issuance costs	4,098	3,899	12,043	11,489
Total interest expense	$ 10,839	$ 13,251	$ 31,447	$ 36,925

Interest expense related to 1.25% Notes, included in the table above, consists of the following:

(In thousands)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Coupon interest at 1.25%	$ 1,078	$ 1,078	$ 3,234	$ 3,234
Amortization of discounts and debt issuance costs	3,685	3,509	10,876	10,358
Total interest expense related to the 1.25% Notes	$ 4,763	$ 4,587	$ 14,110	$ 13,592

Allscripts Senior Secured Credit Facility

On February 15, 2018, Allscripts and Healthcare LLC entered into a Second Amended and Restated Credit Agreement (the “Second Amended Credit Agreement”), with JPMorgan Chase Bank, N.A., as administrative agent. The Second Amended Credit Agreement provides for a $400 million senior secured term loan (the “Term Loan”) and a $900 million senior secured revolving facility (the “Revolving Facility”), each with a five-year term. The Term Loan is repayable in quarterly installments, which began on June 30, 2018. A total of up to $50 million of the Revolving Facility is available for the issuance of letters of credit, up to $10 million of the Revolving Facility is available for swingline loans, and up to $100 million of the Revolving Facility could be borrowed under certain foreign currencies.

As of September 30, 2019, $335.0 million under the Term Loan, $250.0 million under the Revolving Facility, and $1.0 million in letters of credit were outstanding under the Second Amended Credit Agreement.

As of September 30, 2019, the interest rate on the borrowings under the Second Amended Credit Agreement was LIBOR plusl.50%, which totaled 3.54%. We were in compliance with all covenants under the Second Amended Credit Agreement as of September 30, 2019.

On August 7, 2019, we entered into a First Amendment to the Second Amended Credit Agreement in order to remain compliant with the covenants of our Second Amended Credit Agreement. The First Amendment provides the financial flexibility to settle the U.S. Department of Justice’s investigations as discussed in Note 13, “Contingencies” while maintaining our compliance with the covenants of our Second Amended Credit Agreement. None of the original terms of our Second Amended Credit Agreement relating to scheduled future principal payments, applicable interest rates and margins or borrowing capacity under our Revolving Facility were amended. In connection with this amendment, we incurred fees and other costs totaling $0.8 million, of which a majority was capitalized.

As of September 30, 2019, we had $649.0 million available, net of outstanding letters of credit, under our Revolving Facility. There can be no assurance that we will be able to draw on the full available balance of our Revolving Facility if the financial institutions that have extended such credit commitments become unwilling or unable to fund such borrowings.

1.25% Cash Convertible Senior Notes

As of September 30, 2019, the if-converted value of the 1.25% Notes did not exceed the 1.25% Notes' principal amount.

The following table summarizes future debt payment obligations as of September 30, 2019:

(In thousands)	Total	Remainder of 2019	2020	2021	2022	2023	Thereafter
1.25% Cash Convertible Senior Notes (1)	$ 345,000	$ 0	$ 345,000	$ 0	$ 0	$ 0	$ 0
Term Loan	335,000	5,000	27,500	30,000	37,500	235,000	0
Revolving Facility (2)	250,000	0	0	0	0	250,000	0
Other debt	302	302	0	0	0	0	0
Total debt	$ 930,302	$ 5,302	$ 372,500	$ 30,000	$ 37,500	$ 485,000	$ 0

(1) Assumes no cash conversions of the 1.25% Notes prior to their maturity on July 1, 2020.

(2) Assumes no additional borrowings after September 30, 2019, payment of any required periodic installments of principal and that all drawn amounts are repaid upon maturity.

10. Income Taxes

We account for income taxes under FASB Accounting Standards Codification 740, "*Income Taxes*" ("ASC 740"). We calculate the quarterly tax provision consistent with the guidance provided by ASC 740-270, whereby we forecast the estimated annual effective tax rate and then apply that rate to the year-to-date pre-tax book (loss) income. The effective tax rate may be subject to fluctuations during the year as new information is obtained, which may affect the assumptions used to estimate the annual effective rate, including factors such as the valuation allowances against deferred tax assets, the recognition or de-recognition of tax benefits related to uncertain tax positions, or changes in or the interpretation of tax laws in jurisdictions where the Company conducts business. There is no tax benefit recognized on certain of the net operating losses incurred due to insufficient evidence supporting the Company's ability to use these losses in the future. The effective tax rates were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	2019	2018	2019	2018
(Loss) income from continuing operations before income taxes	$ (6,490)	$ (13,778)	$ (162,992)	$ 53,182
Income tax benefit (provision)	$ 765	$ 1,637	$ (640)	$ (5,918)
Effective tax rate	11.8%	11.9%	(0.4%)	11.1%

Our provision for income taxes differs from the tax computed at the U.S. federal statutory income tax rate primarily due to permanent differences, income attributable to foreign jurisdictions taxed at different rates, state taxes, tax credits and certain discrete items. Our effective tax rate for the three and nine months ended September 30, 2019, compared with the prior year comparable periods, differs primarily due to higher tax shortfalls associated with stock-based compensation reflected in the provision for the three and nine months ended September 30, 2019 and release of valuation allowance of $14.5 million recorded in the nine months ended September 30, 2018.

In evaluating our ability to recover our deferred tax assets within the jurisdictions from which they arise, we consider all available evidence, including scheduled reversals of deferred tax liabilities, tax-planning strategies, and results of recent operations. In evaluating the objective evidence that historical results provide, we consider three years of cumulative operating income (loss). During the three months ended September 30, 2019, we recorded immaterial impacts for valuation allowances.

Our unrecognized income tax benefits were $20.3 million and $19.8 million as of September 30, 2019 and December 31, 2018, respectively. If any portion of our unrecognized tax benefits is recognized, it could impact our effective tax rate. The tax reserves are reviewed periodically and adjusted considering changing facts and circumstances, such as progress of tax audits, lapse of applicable statutes of limitations and changes in tax law.

11. Derivative Financial Instruments

The following tables provide information about the fair values of our derivative financial instruments as of the respective balance sheet dates:

	September 30, 2019			
	Asset Derivatives		Liability Derivatives	
(In thousands)	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives qualifying as cash flow hedges:				
Foreign exchange contracts	Prepaid expenses and other current assets	$ 131	Accrued expenses	$ 0
Derivatives not subject to hedge accounting:				
1.25% Call Option	Other assets	2,842	N/A	
1.25% Embedded cash conversion option	N/A		Other liabilities	3,619
Total derivatives		$ 2,973		$ 3,619

	December 31, 2018			
	Asset Derivatives		Liability Derivatives	
(In thousands)	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives qualifying as cash flow hedges:				
Foreign exchange contracts	Prepaid expenses and other current assets	$ 262	Accrued expenses	$ 0
Derivatives not subject to hedge accounting:				
1.25% Call Option	Other assets	9,104	N/A	
1.25% Embedded cash conversion option	N/A		Other liabilities	9,974
Total derivatives		$ 9,366		$ 9,974

N/A – We define "N/A" as disclosure not being applicable

Foreign Exchange Contracts

We have entered into non-deliverable forward foreign currency exchange contracts with reputable banking counterparties to hedge a portion of our forecasted future Indian Rupee-denominated ("INR") expenses against foreign currency fluctuations between the United States dollar and the INR. These forward contracts cover a percentage of forecasted monthly INR expenses over time. As of September 30, 2019, there were 3 forward contracts outstanding that were staggered to mature monthly starting in October 2019 and ending in December 2019. In the future, we may enter into additional forward contracts to increase the amount of hedged monthly INR expenses or initiate hedges for monthly periods beyond December 2019. As of September 30, 2019, the notional amount for each of the outstanding forward contracts was 160 million INR, or the equivalent of $2.3 million, based on the exchange rate between the United States dollar and the INR in effect as of September 30, 2019. These amounts also approximate the forecasted future INR expenses we target to hedge in any one month in the future. As of September 30, 2019, we estimate that $0.1 million of net unrealized derivative gains included in AOCI will be reclassified into income within the next twelve months.

The following tables show the impact of derivative instruments designated as cash flow hedges on the consolidated statements of operations and the consolidated statements of comprehensive loss:

	Amount of Gain (Loss) Recognized in OCI			Amount of Gain (Loss) Reclassified from AOCI into Income	
(In thousands)	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2019	Location of Gain (Loss) Reclassified from AOCI into Income	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2019
Foreign exchange contracts	$ (257)	$ 83	Cost of Revenue	$ 16	$ 76
			Selling, general and administrative expenses	12	53
			Research and development	$ 19	$ 85

(In thousands)	Amount of Gain (Loss) Recognized in OCI: Three Months Ended September 30, 2018	Amount of Gain (Loss) Recognized in OCI: Nine Months Ended September 30, 2018	Location of Gain (Loss) Reclassified from AOCI into Income	Amount of Gain (Loss) Reclassified from AOCI into Income: Three Months Ended September 30, 2018	Amount of Gain (Loss) Reclassified from AOCI into Income: Nine Months Ended September 30, 2018
Foreign exchange contracts	$ (1,803)	$ (2,010)	Cost of Revenue	$ (74)	$ 227
			Selling, general and administrative expenses	(50)	180
			Research and development	$ (77)	$ 278

1.25% Call Option

In June 2013, concurrent with the issuance of the 1.25% Notes, we entered into privately negotiated hedge transactions with certain of the initial purchasers of the 1.25% Notes (collectively, the "1.25% Call Option"). Assuming full performance by the counterparties, the 1.25% Call Option is intended to offset cash payments in excess of the principal amount due upon any conversion of the 1.25% Notes.

The 1.25% Call Option, which is indexed to our common stock, is a derivative asset that requires mark-to-market accounting treatment (due to the cash settlement features) until the 1.25% Call Option settles or expires. The 1.25% Call Option is measured and reported at fair value on a recurring basis, within Level 3 of the fair value hierarchy.

The 1.25% Call Option does not qualify for hedge accounting treatment. Therefore, the change in fair value of these instruments is recognized immediately in our consolidated statements of operations in Other income, net. Because the terms of the 1.25% Call Option are substantially similar to those of the 1.25% Notes embedded cash conversion option, discussed below, we expect the net effect of those two derivative instruments on our earnings to be minimal.

1.25% Notes Embedded Cash Conversion Option

The embedded cash conversion option within the 1.25% Notes is required to be separated from the 1.25% Notes and accounted for separately as a derivative liability, with changes in fair value reported in our consolidated statements of operations in Other income, net until the cash conversion option settles or expires. The initial fair value liability of the embedded cash conversion option was $82.8 million, which simultaneously reduced the carrying value of the 1.25% Notes (effectively an original issuance discount). The embedded cash conversion option is measured and reported at fair value on a recurring basis, within Level 3 of the fair value hierarchy.

The following table shows the net impact of the changes in fair values of the1.25% Call Option and the 1.25% Notes' embedded cash conversion option in the consolidated statements of operations:

(In thousands)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
1.25% Call Option	$ (3,567)	$ 15,043	$ (6,262)	$ (13,108)
1.25% Embedded cash conversion option	3,746	(15,503)	6,355	12,870
Net (loss) income included in other income, net	$ 179	$ (460)	$ 93	$ (238)

12. Other Comprehensive Income

Accumulated Other Comprehensive Loss

Changes in the balances of each component included in AOCI are presented in the tables below. All amounts are net of tax and exclude non-controlling interest.

(In thousands)	Foreign Currency Translation Adjustments	Unrealized Net Gains on Foreign Exchange Contracts	Total
Balance as of December 31, 2018 (1)	$ (5,584)	$ 195	$ (5,389)
Other comprehensive income (loss) before reclassifications	(35)	61	26
Net (gains) losses reclassified from accumulated other comprehensive loss	0	(158)	(158)
Net other comprehensive loss	(35)	(97)	(132)
Balance as of September 30, 2019 (2)	$ (5,619)	$ 98	$ (5,521)

(1) Net of taxes of $ 68 thousand for unrealized net gains on foreign exchange contract derivatives and $ 149 thousand arising from the revaluation of tax effects included in accumulated other comprehensive income.

(2) Net of taxes of $ 34 thousand for unrealized net losses on foreign exchange contract derivatives.

(In thousands)	Foreign Currency Translation Adjustments	Unrealized Net Gains on Foreign Exchange Contracts	Total
Balance as of December 31, 2017[1]	$ (2,676)	$ 691	$ (1,985)
Other comprehensive income (loss) before reclassifications	(1,622)	(1,487)	(3,109)
Net (gains) losses reclassified from accumulated other comprehensive loss	0	(358)	(358)
Net other comprehensive income	(1,622)	(1,845)	(3,467)
Balance as of September 30, 2018[2]	$ (4,298)	$ (1,154)	$ (5,452)

(1) Net of taxes of $ 445 thousand for unrealized net gains on foreign exchange contract derivatives.
(2) Net of taxes of $ 405 thousand for unrealized net losses on foreign exchange contract derivatives.

Income Tax Effects Related to Components of Other Comprehensive Income (Loss)

The following tables reflect the tax effects allocated to each component of other comprehensive income (loss) ("OCI"):

	Three Months Ended September 30,					
	2019			2018		
(In thousands)	Before-Tax Amount	Tax Effect	Net Amount	Before-Tax Amount	Tax Effect	Net Amount
Foreign currency translation adjustments	$ (574)	$ 0	$ (574)	$ (60)	$ 0	$ (60)
Foreign exchange contracts:						
Net (losses) gains arising during the period	(257)	67	(190)	(1,803)	468	(1,335)
Net losses (gains) reclassified into income[1]	(48)	13	(35)	201	(52)	149
Net change in unrealized (losses) gains on foreign exchange contracts	(305)	80	(225)	(1,602)	416	(1,186)
Net (loss) gain on cash flow hedges	(305)	80	(225)	(1,602)	416	(1,186)
Other comprehensive (loss) income	$ (879)	$ 80	$ (799)	$ (1,662)	$ 416	$ (1,246)

(1) Tax effects for the three months ended September 30, 2018 include $149 thousand arising from the revaluation of tax effects included in accumulated other comprehensive income at December 31, 2017.

	Nine Months Ended September 30,					
	2019			2018		
(In thousands)	Before-Tax Amount	Tax Effect	Net Amount	Before-Tax Amount	Tax Effect	Net Amount
Foreign currency translation adjustments	$ (35)	$ 0	$ (35)	$ (1,622)	$ 0	$ (1,622)
Derivatives qualifying as cash flow hedges:						
Foreign exchange contracts:						
Net (losses) gains arising during the period	83	(22)	61	(2,010)	522	(1,488)
Net (gains) losses reclassified into income[1]	(214)	56	(158)	(685)	328	(357)
Net change in unrealized (losses) gains on foreign exchange contracts	(131)	34	(97)	(2,695)	850	(1,845)
Net (loss) gain on cash flow hedges	(131)	34	(97)	(2,695)	850	(1,845)
Other comprehensive (loss) income	$ (166)	$ 34	$ (132)	$ (4,317)	$ 850	$ (3,467)

(1) Tax effects for the nine months ended September 30, 2018 include $149 thousand arising from the revaluation of tax effects included in accumulated other comprehensive income at December 31, 2017.

13. Contingencies

In addition to commitments and obligations in the ordinary course of business, we are currently subject to various legal proceedings and claims that have not been fully adjudicated. We intend to vigorously defend ourselves, as appropriate, in these matters.

No less than quarterly, we review the status of each significant matter and assess our potential financial exposure. We accrue a liability for an estimated loss if the potential loss from any legal proceeding or claim is considered probable and the amount can be reasonably estimated. Significant judgment is required in both the determination of probability and the determination as to whether the amount of an exposure is reasonably estimable, and accruals are based only on the information available to our management at the time the judgment is made.

The outcome of legal proceedings is inherently uncertain, and we may incur substantial defense costs and expenses defending any of these matters. In the opinion of our management, except as set forth below with respected to the expected resolution of the Practice Fusion investigations, the ultimate disposition of pending legal proceedings or claims will not have a material adverse effect on our consolidated financial position, liquidity or results of operations. However, if one or more of these legal proceedings were resolved against or settled by us in a reporting period for amounts in excess of our management's expectations, our consolidated financial statements for that and subsequent reporting periods could be materially adversely affected. Additionally, the resolution of a legal proceeding against us could prevent us from offering our products and services to current or prospective clients or cause us to incur increased compliance costs, either of which could further adversely affect our operating results.

On May 1, 2012, Physicians Healthsource, Inc. filed a class action complaint in the U.S. District Court for the Northern District of Illinois against us. The complaint alleges that, on multiple occasions between July 2008 and December 2011, we or our agent sent advertisements by fax to the plaintiff and a class of similarly situated persons, without first receiving the recipients' express permission or invitation in violation of the Telephone Consumer Protection Act, 47 U.S.C. § 227 (the "TCPA"). The plaintiff sought $500 for each alleged violation of the TCPA, treble damages if the Court finds the violations to be willful, knowing or intentional, and injunctive and other relief. Allscripts answered the complaint denying all material allegations and asserting a number of affirmative defenses, as well as counterclaims for breach of a license agreement. On March 31, 2016, plaintiff filed its motion for class certification. On May 31, 2016, we filed our opposition to plaintiff's motion for class certification, and simultaneously moved for summary judgment on all of plaintiff's claims. On June 2, 2017, an order was entered denying class certification and, accordingly, the case will not proceed on a class-wide basis.

The Enterprise Information Solutions business (the "EIS Business") acquired from McKesson Corporation ("McKesson") on October 2, 2017 is subject to a May 2017 civil investigative demand ("CID") from the U.S. Attorney's Office for the Eastern District of New York. The CID requests documents and information related to the certification McKesson obtained for Horizon Clinicals in connection with the U.S. Department of Health and Human Services' Electronic Health Record Incentive Program. In August 2018, McKesson received an additional CID seeking similar information for Paragon. McKesson has agreed, with respect to the CIDs, to indemnify Allscripts for amounts paid or payable to the government (or any private relator) involving any products or services marketed, sold or licensed by the EIS Business as of or prior to the closing of the acquisition.

Practice Fusion, acquired by Allscripts on February 13, 2018, received in March 2017 a request for documents and information from the U.S. Attorney's Office for the District of Vermont pursuant to a CID. Between April 2018 and June 2019, Practice Fusion received from the U.S. Department of Justice (the "DOJ") seven additional requests for documents and information through four additional CIDs and three Health Insurance Portability and Accountability Act ("HIPAA") subpoenas. The document and information requests received by Practice Fusion related to both the certification Practice Fusion obtained in connection with the U.S. Department of Health and Human Services' Electronic Health Record Incentive Program and Practice Fusion's compliance with the Anti-Kickback Statute ("AKS") and HIPAA as it relates to certain business practices engaged in by Practice Fusion. In March 2019, Practice Fusion received a grand jury subpoena in connection with a criminal investigation related to Practice Fusion's compliance with the AKS. On August 6, 2019, Practice Fusion reached an agreement in principle with the DOJ to resolve all of the DOJ's outstanding civil and criminal investigations, including the investigation by the U.S. Attorney's Office for the District of Vermont. The terms of this agreement in principle, which is subject to final negotiation of settlement documents with the government, contemplate that Practice Fusion will pay $145.0 million and enter into a deferred prosecution agreement and a civil settlement agreement. It is anticipated that the deferred prosecution agreement will resolve allegations that Practice Fusion, long before its acquisition by Allscripts and concerning conduct about which Allscripts was unaware at the time of the acquisition, violated the AKS through the manner by which a sponsored Clinical Decision Support arrangement was sold to an opioid manufacturer. The companion civil settlement agreement is expected to resolve other AKS allegations made by the DOJ against Practice Fusion as well as False Claims Act allegations pertaining to Meaningful Use payments the federal government made to users of Practice Fusion's EHR system. Other non-financial terms and conditions remain subject to negotiation, and the terms described above may change following further negotiation. The agreement in principle and the final settlement materials are subject to approval of supervisory personnel within the DOJ. The proposed settlement amount is included in Other income (loss), net within the consolidated statements of operations and Accrued expenses within the consolidated balance sheets as of and for the nine months ended September 30, 2019.

14. Discontinued Operations

Netsmart

On December 31, 2018, we sold all of the Class A Common Units of Netsmart LLC, a Delaware limited liability company ("Netsmart"), held by the Company. Prior to the sale, Netsmart comprised a separate reportable segment, which due to its significance to our historical consolidated financial statements and results of operations, is reported as a discontinued operation due to the sale.

The following table summarizes Netsmart's major income and expense line items as reported in the consolidated statements of operations for the three and nine months ended September 30, 2018:

(In thousands)	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
Major income and expense line items related to Netsmart:		
Revenue:		
Software delivery, support and maintenance	$ 56,259	$ 157,393
Client services	33,590	96,773
Total revenue	89,849	254,166
Cost of revenue:		
Software delivery, support and maintenance	16,441	45,110
Client services	23,905	68,440
Amortization of software development and acquisition related assets	9,084	24,991
Total cost of revenue	49,430	138,541
Gross profit	40,419	115,625
Selling, general and administrative expenses	25,089	74,390
Research and development	6,715	17,753
Amortization of intangible and acquisition-related assets	6,391	17,580
Income from discontinued operations of Netsmart	2,224	5,902
Interest expense	(16,092)	(43,918)
Other gain (loss)	11	(6)
Loss from discontinued operations of Netsmart before income taxes	(13,857)	(38,022)
Income tax benefit	2,152	8,938
Loss from discontinued operations, net of tax for Netsmart	$ (11,705)	$ (29,084)

Horizon Clinicals and Series2000 Revenue Cycle

Two of the product offerings (Horizon Clinicals and Series2000 Revenue Cycle) acquired with the business combination with the EIS Business were sunset after March 31, 2018. The decision to discontinue maintaining and supporting these solutions was made prior to our acquisition of the EIS Business and, therefore, are presented below as discontinued operations. Until the end of the first quarter of 2018, we were involved in ongoing maintenance and support for these solutions until customers have transitioned to other platforms. No disposal gains or losses were recognized during the 2018 fiscal year related to these discontinued operations. We had $0.9 million of accrued expenses associated with the Horizon Clinicals and Series2000 Revenue Cycle businesses on the consolidated balance sheets as of December 31, 2018.

The following table summarizes the major classes of line items constituting income (loss) of the discontinued operations with the sunset businesses of Horizon Clinicals and Series2000 Revenue Cycle, as reported in the consolidated statements of operations for the three and nine months ended September 30, 2018:

(In thousands)	**Three Months Ended September 30, 2018**	**Nine Months Ended September 30, 2018**
Major classes of line items constituting pretax profit (loss) of discontinued operations for Horizon Clinicals and Series2000 Revenue Cycle:		
Revenue:		
Software delivery, support and maintenance	$ 0	$ 9,441
Client services	0	404
Total revenue	0	9,845
Cost of revenue:		
Software delivery, support and maintenance	0	2,322
Client services	0	830
Total cost of revenue	0	3,152
Gross profit	0	6,693
Research and development	0	1,651
(Loss) income from discontinued operations for Horizon Clinicals and Series2000 Revenue Cycle before income taxes	0	5,042
Income tax benefit (provision)	0	(1,311)
(Loss) income from discontinued operations, net of tax for Horizon Clinicals and Series2000 Revenue Cycle	$ 0	$ 3,731

15. Business Segments

We primarily derive our revenues from sales of our proprietary software (either as a direct license sale or under a subscription delivery model), which also serves as the basis for our recurring service contracts for software support and maintenance and certain transaction-related services. In addition, we provide various other client services, including installation, and managed services such as outsourcing, private cloud hosting and revenue cycle management.

During the first quarter of 2019, we realigned our reporting structure as a result of the divestiture of our investment in Netsmart on December 31, 2018, the evolution of the healthcare IT industry and our increased focus on the payer and life sciences market. As a result, we changed the presentation of our reportable segments to Provider and Veradigm. The new Provider segment is comprised of our core integrated clinical software applications, financial management and patient engagement solutions targeted at clients across the entire continuum of care. The new Veradigm segment primarily focuses on the payer and life sciences market. These changes to our reportable segments had no impact on operating segments. The segment disclosures below for the three and nine months ended September 30, 2018, have been revised to conform to the current year presentation.

As of September 30, 2019, we had eight operating segments, which are aggregated into two reportable segments. The Provider reportable segment includes the Hospitals and Health Systems, Ambulatory, CarePort, FollowMyHealth®, EPSi™, EIS-Classics and 2bPrecise strategic business units, each of which represents a separate operating segment. This reportable segment derives its revenue from the sale of integrated clinical software applications, financial management and patient engagement solutions, which primarily include EHR-related software, connectivity and coordinated care solutions, financial and practice management software, related installation, support and maintenance, outsourcing, private cloud hosting, revenue cycle management, training and electronic claims administration services. The Veradigm reportable segment is comprised of the Veradigm business unit, which represents a separate operating segment. This reportable segment provides data-driven clinical insights with actionable tools for clinical workflow, research, analytics and media. Its solutions, targeted at key healthcare stakeholders, help improve the quality, efficiency and value of healthcare delivery.

Our Chief Operating Decision Maker ("CODM") uses segment revenues, gross profit and income from operations as measures of performance and to make decisions about the allocation of resources. In determining these performance measures, we do not include in revenue the amortization of acquisition-related deferred revenue adjustments, which reflect the fair value adjustments to deferred revenue acquired in a business combination. We also exclude the amortization of intangible assets, stock-based compensation expense, expenses not reflective of our core business and transaction-related costs, and non-cash asset impairment charges from the operating segment data provided to our CODM. Expenses not reflective of our core business relate to certain severance, product consolidation, legal, consulting and other charges. Accordingly, these amounts are not included in our reportable segment results and are included in an "Unallocated Amounts" category within our segment disclosure. The "Unallocated Amounts" category also includes (i) corporate general and administrative expenses (including marketing expenses) and certain research and development expenses related to common solutions and resources that benefit all of our business units, all of which are centrally managed, and (ii) revenue and the associated cost from the resale of certain ancillary products, primarily hardware. We do not track our assets by segment.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	**2019**	**2018**	**2019**	**2018**
Revenue:				
Provider	$ 396,679	$ 402,213	$ 1,194,976	$ 1,226,104
Veradigm	41,680	38,775	115,317	95,079
Unallocated Amounts	5,825	(8,558)	10,400	(13,567)
Total revenue	$ 444,184	$ 432,430	$ 1,320,693	$ 1,307,616
Gross profit:				
Provider	$ 168,047	$ 175,393	$ 508,180	$ 545,223
Veradigm	25,655	27,669	75,203	66,112
Unallocated Amounts	(18,400)	(25,110)	(49,864)	(74,951)
Total gross profit	$ 175,302	$ 177,952	$ 533,519	$ 536,384
Income (loss) from operations:				
Provider	$ 96,895	$ 101,130	$ 301,294	$ 308,071
Veradigm	8,975	12,850	29,525	26,163
Unallocated Amounts	(102,688)	(113,794)	(320,249)	(400,843)
Total income (loss) from operations	$ 3,182	$ 186	$ 10,570	$ (66,609)

16. Supplemental Disclosures

Supplemental Consolidated Statements of Cash Flows Information

The majority of the restricted cash balance as of September 30, 2019 and 2018 represents the remaining balance of the escrow account established as part of the acquisition of Netsmart in 2016, to be used by Netsmart to facilitate the integration of Allscripts' former Homecare™ business.

	September 30,	
(In thousands)	**2019**	**2018**
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	$ 129,349	$ 90,738
Restricted cash	9,375	11,286
Total cash, cash equivalents and restricted cash	$ 138,724	$ 102,024

	Nine Months Ended September 30,	
(In thousands)	**2019**	**2018**
Supplemental non-cash information:		
Accretion of redemption preference on redeemable convertible non-controlling interest - discontinued operation	$ 0	$ 36,446
Contribution of assets in exchange for equity interest	$ 0	$ 4,000
Issuance of treasury stock to commercial partner	$ 701	$ 1,121

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This "Management's Discussion and Analysis of Financial Condition and Results of Operations" section and other sections of this Quarterly Report on Form 10-Q ("Form 10-Q") contain forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical fact or pattern, including statements related to the effect of macroeconomic trends, evolving patient care models, legislative, administrative and regulatory actions on our business and opportunities related to accumulated patient data, and statements regarding our agreement in principle with the DOJ and our expected future investment in research and development efforts. Forward-looking statements can also be identified by the use of words such as "future," "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "will," "would," "could," "can," "may," and similar terms. Forward-looking statements are not guarantees of future performance. Actual results could differ significantly from those set forth in the forward-looking statements and reported results should not be considered an indication of future performance or events. Certain factors that could cause our actual results to differ materially from those described in the forward-looking statements include, but are not limited to, those discussed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2018 (our "Form 10-K") and Part II, Item 1A of this Form 10-Q under the headings "Risk Factors" and elsewhere. Certain factors that could cause Allscripts actual results to differ materially from those described in the forward-looking statements include, but are not limited to: the final outcome of the criminal and civil investigations by the DOJ involving Practice Fusion, including our ability to negotiate final settlement agreements with the DOJ and the terms of such agreements; potential additional investigations and proceedings from governmental entities or third parties other than the DOJ related to the same or similar conduct underlying the DOJ's investigations into Practice Fusion's business practices; the expected financial results of businesses acquired by us, including the EIS business, the NantHealth provider/patient solutions business, Practice Fusion and Health Grid; the successful integration of businesses recently acquired by us; the anticipated and unanticipated expenses and liabilities related to the EIS business, the NantHealth provider/patient solutions business, Practice Fusion and Health Grid, including the civil investigation by the U.S. Attorney's Office involving our EIS business; security breaches resulting in unauthorized access to our or our clients' computer systems or data, including denial-of-services, ransomware or other Internet-based attacks; Allscripts failure to compete successfully; consolidation in Allscripts industry; current and future laws, regulations and industry initiatives; increased government involvement in Allscripts industry; the failure of markets in which Allscripts operates to develop as quickly as expected; Allscripts or its customers' failure to see the benefits of government programs; changes in interoperability or other regulatory standards; the effects of the realignment of Allscripts sales, services and support organizations; market acceptance of Allscripts products and services; the unpredictability of the sales and implementation cycles for Allscripts products and services; Allscripts ability to manage future growth; Allscripts ability to introduce new products and services; Allscripts ability to establish and maintain strategic relationships; risks related to the acquisition of new businesses or technologies; the performance of Allscripts products; Allscripts ability to protect its intellectual property rights; the outcome of legal proceedings involving Allscripts; Allscripts ability to hire, retain and motivate key personnel; performance by Allscripts content and service providers; liability for use of content; price reductions; Allscripts ability to license and integrate third party technologies; Allscripts ability to maintain or expand its business with existing customers; risks related to international operations; changes in tax rates or laws; business disruptions; Allscripts ability to maintain proper and effective internal controls; and asset and long-term investment impairment charges. The following discussion should be read in conjunction with the unaudited consolidated financial statements and notes thereto included in Part I, Item 1, "Financial Statements (unaudited)" in this Form 10-Q, as well as our Form 10-K filed with the Securities and Exchange Commission (the "SEC"). We assume no obligation to revise or update any forward-looking statements for any reason, except as required by law.

Each of the terms "we," "us," "our," "Company," or "Allscripts" as used herein refers collectively to Allscripts Healthcare Solutions, Inc. and/or its wholly-owned subsidiaries and controlled affiliates, unless otherwise stated.

Overview

Our Business Overview and Regulatory Environment

We deliver information technology ("IT") solutions and services to help healthcare organizations achieve optimal clinical, financial and operational results. We sell our solutions to physicians, hospitals, governments, health systems, health plans, life-sciences companies, retail clinics, retail pharmacies, pharmacy benefit managers, insurance companies, employer wellness clinics, and post-acute organizations, such as home health and hospice agencies. We help our clients improve the quality and efficiency of health care with solutions that include electronic health records ("EHRs"), information connectivity, private cloud hosting, outsourcing, analytics, patient access and population health management.

Our solutions empower healthcare professionals with the data, insights and connectivity to other caregivers they need to succeed in an industry that is rapidly changing from fee-for-service models to fee-for-value advanced payment models. We believe we offer some of the most comprehensive solutions in our industry today. Healthcare organizations can effectively manage patients and patient populations across all care settings using a combination of our physician, hospital, health system, post-acute care and population health management products and services. We believe these solutions will help transform health care as the industry seeks new ways to manage risk, improve quality and reduce costs.

Globally, healthcare providers face an aging population and the challenge of caring for an increasing number of patients with chronic diseases. At the same time, practitioners worldwide are also under growing pressure to demonstrate the delivery of high-quality care at lower costs. Population health management, analytics, connectivity based on open Application Programming Interfaces ("APIs"), and patient engagement are strategic imperatives that can help address these challenges. In the United States, for example, such initiatives will be critical tools for success under the framework of the Quality Payment Program ("QPP"), launched by the Centers for Medicare & Medicaid Services ("CMS") in response to the passage of the Medicare Access and CHIP Reauthorization Act ("MACRA"). As healthcare providers and payers migrate from volume-based to value-based care delivery, interoperable solutions that are connected to the consumer marketplace are the key to market leadership in the new healthcare reality. Additionally, there is a small but growing portion of the market interested in payment models not reliant on insurance, such as the direct primary care model, with doctors and other healthcare professionals interested in the clinical value of the interoperable EHR separate and apart from payment mechanisms established by public or commercial payers or associated reporting requirements.

We believe our solutions are delivering value to our clients by providing them with powerful connectivity, as well as increasingly robust patient engagement and care coordination tools, enabling users to successfully participate in alternative payment models that reward high value care delivery. Population health management is commonly viewed as one of the critical next frontiers in healthcare delivery, and we expect this rapidly emerging and evolving area to be a key driver of our future growth, both domestically and globally.

Recent advances in molecular science and computer technology are creating opportunities for the delivery of personalized medicine solutions. We believe these solutions will transform the coordination and delivery of health care, ultimately improving patient outcomes.

Specific to the United States, the healthcare IT industry in which we operate is in the midst of a period of rapid change, primarily due to new laws and regulations, as well as modifications to industry standards. Various incentives that exist today (including alternative payment models that reward high value care delivery) have been rapidly moving health care toward a time where EHRs are as common as practice management or other financial systems in all provider offices. As a result, we believe that legislation, such as the aforementioned MACRA, as well as other government-driven initiatives (including at the state level), will continue to affect healthcare IT adoption and expansion, including products and solutions like ours. We also believe that we are well-positioned in the market to take advantage of the ongoing opportunity presented by these changes.

Given that CMS has proposed further regulations, including payment rules for upcoming years, which require use of EHRs and other health information technology even as we comply with previously published rules, our industry is preparing for additional areas in which we must execute compliance. Similarly, our ability to achieve expanded applicable product certification requirements resulting from changing strategies at the Office of the National Coordinator for Health Information Technology ("ONC") and the scope of related development and other efforts required to meet regulatory standards could both materially impact our capacity to maximize the market opportunity. All our market-facing EHR solutions and several other relevant products have successfully completed the testing process and are certified as 2015 Edition-compliant by an ONC-Authorized Certification Body (the most recent edition). Allscripts remains committed to satisfying evolving certification requirements and meeting conditions of certification, including those that are expected to be finalized at the end of the review process by ONC later this year or early next.

The MACRA encouraged the adoption of health IT necessary to satisfy new requirements more closely associating the report of quality measurements to Medicare payments. Following the finalization of the Physician Fee Schedule rule each year, providers accepting payment from Medicare must select one of two payment models: the Merit-based Incentive Payment System ("MIPS") or an Advanced Alternative Payment Model ("APM"). Both of these approaches require substantive reporting on quality measures; additionally, the MIPS consolidated several preexisting incentive programs, including Medicare Meaningful Use and Physician Quality Reporting System, under one umbrella, as required by statute. We believe the implementation of this law is likely driving additional interest in our products among providers who were not eligible for or chose not to participate in the Health Information Technology for Economic and Clinical Health Act ("HITECH") incentive program but now need an EHR and other health IT solutions and among those looking to purchase more robust systems to comply with increasingly complex MACRA requirements. Additional regulations continue to be released annually, clarifying requirements related to reporting and quality measures, which will enable physician populations and healthcare organizations to make strategic decisions about the purchase of analytic software or other solutions important to comply with the new law and associated regulations.

HITECH resulted in additional related new orders for our EHR products, and we believe that the MACRA could drive purchases of not only EHRs but also additional technologies necessary in advanced payment models. Large physician groups will continue to purchase and enhance their use of EHR technology; while the number of very large practices with over 100 physicians that have not yet acquired such technology is insignificant, those considering replacement purchases are increasing. Such practices may choose to replace older EHR technology in the future as regulatory requirements (such as those related to Advanced APMs) and business realities dictate the need for updates and upgrades, as well as additional features and functionality. As incentive payment strategies shift in policies under the current Presidential Administration in the United States, the role of commercial payers and their continued expansion of alternative payment models and interest in attaining larger volumes of clinical data, as well as the anticipated growth in Medicaid payment models, are expected to provide additional incentives for purchase and expansion.

We also continue to see activity in local community-based buying, whereby individual hospitals, health systems and integrated delivery networks subsidize the purchase of EHR licenses or related services for local, affiliated physicians and physicians across their employed physician base in order to leverage buying power and to help those practices take advantage of payment reform opportunities. This activity has also resulted in a pull-through effect where smaller practices affiliated with a community hospital are motivated to participate in a variety of incentive programs, while the subsidizing health system expands connectivity within the local provider community. We believe that the new rules related to exceptions to the Stark Law and Anti-Kickback Statute, which were recently released in proposed form and would continue to allow hospitals and other organizations to subsidize the purchase of EHRs, contributed to the growth of this market dynamic. We expect that these regulatory revisions from HHS will further support value-based payment models and their associated purchasing arrangements between hospitals and physician practices, including allowing subsidization of replacement EHRs and not just initial purchases. The associated challenge we face is to successfully position, sell, implement and support our products sold to hospitals, health systems or integrated delivery networks that subsidize their affiliated physicians. We believe the community programs we have in place will help us penetrate these markets.

We believe we have taken and continue to take the proper steps to maximize the opportunity presented by the QPP and other new payment programs, including several announced recently, such as Primary Care First and the *Pathways to Success* overhaul of Medicare's National ACO program. However, given the effects the laws are having on our clients, there can be no assurance that they will result in significant new orders for us in the near term, and if they do, that we will have the capacity to meet the additional market demand in a timely fashion.

Additionally, other public laws to reform the United States healthcare system contain various provisions, which may impact us and our clients. Continued efforts by the current Presidential Administration to alter aspects of the Patient Protection and Affordable Care Act (as amended, the "PPACA") or to make other policy changes through Executive Orders create uncertainty for us and for our clients. Certain lawsuits related to the PPACA also create uncertainty for us and our clients. Some laws currently in place may have a positive impact by requiring the expanded use of EHRs, quality measurement, prescription drug monitoring and analytics tools to participate in certain federal, state or private sector programs. Others, such as adjustments made to the PPACA by the current Presidential Administration, laws or regulations mandating reductions in reimbursement for certain types of providers, decreasing insurance coverage of patients, state level requests for waivers from CMS related to Medicaid modeling, or increasing regulatory oversight of our products or our business practices, may have a negative impact by reducing the resources available to purchase our products. Increases in fraud and abuse enforcement and payment adjustments for non-participation in certain programs or overpayment of certain incentive payments may also adversely affect participants in the healthcare sector, including us.

Generally, Congressional oversight of EHRs and health information technology has increased in recent years, including a specific focus on perceived interoperability failures and physician frustration with user burden, as well as contributing factors to such dissatisfaction. This increased oversight could impact our clients and our business. The passage of the 21st Century Cures Act in December 2016 assuaged some concerns about interoperability and possible FDA oversight of EHRs, and we await the final regulations on data blocking and interoperability that were released in proposed form by HHS in February 2019. Certain of these proposals may have a significant effect on our business processes and how our clients must exchange patient information. We will respond as necessary to the finalized regulations on those topics, which are expected early next year.

Allscripts continues to see increased opportunities stemming from the large stores of patient data accumulated from our industry-leading client base and partnerships with other EHR companies, including NextGen Healthcare Inc., a leading provider of ambulatory-focused healthcare technology solutions. Through collaboration with researchers and life sciences companies, we believe Allscripts may play a role in the study of real-world evidence as it relates to post-market surveillance of new medicines, as an example. We will closely monitor any new laws that take shape in Congress that may touch third-party uses of patient data and/or any related privacy implications for patient consent.

Congressional focus on addressing the opioid epidemic in part through technological applications and reducing clinician burden is likely to continue. The Administration is also taking action in some areas that may directly or indirectly affect Allscripts and our clients, including efforts to increase health-related price transparency in order to support patients in applying market-based pressures to the nation's challenge of cost containment. Further, CMS has proposed changes to the Evaluation & Management coding structure that ties closely to our clients' requirements to document the care they are delivering prior to payment. We expect these changes may have a positive effect on clinician satisfaction with our EHRs, if implemented as proposed, though the fundamentals of payment will remain in transition to value-based payment models.

New payment and delivery system reform programs, including those related to the Medicare program, are increasingly being rolled out at the state level through Medicaid administrators, as well as through the private sector, presenting additional opportunities for us to provide software and services to our clients who participate. We also must take steps to comply with state-specific laws and regulations governing companies in the health information technology space.

We derive our revenues primarily from sales of our proprietary software (either as a perpetual license sale or under a subscription delivery model), support and maintenance services, and managed services, such as outsourcing, private cloud hosting and revenue cycle management.

Critical Accounting Policies and Estimates

We adopted the new leasing standard ASU 2016-02 effective January 1, 2019. The standard requires that leased assets and corresponding lease liabilities be recognized in the consolidated balance sheets as right-to-use assets and operating or financing lease liabilities. Refer to Note 3 “Leases” to our consolidated financial statements included Part I, Item 1, “Financial Statements (unaudited)” of this Form 10-Q for further information regarding the impact of adopting ASU 2016-02.

There were no other material changes to our critical accounting policies and estimates from those previously disclosed in our Form 10-K.

Third Quarter 2019 Summary

During the third quarter of 2019, we continued to make progress on our key strategic, financial and operational imperatives, which are aimed at driving higher client satisfaction, improving our competitive position by expanding the depth and breadth of our products and integrating recent acquisitions. Additionally, we believe there are still opportunities to continue to improve our operating leverage and further streamline our operations and such efforts are ongoing.

Total revenue for the third quarter of 2019 was $444 million, an increase of $12 million compared to the third quarter of 2018. For the three months ended September 30, 2019, software delivery, support and maintenance revenue and client services revenue was $284 million and $160 million, respectively, compared with $274 million and $158 million, respectively, during the three months ended September 30, 2018. Gross profit for the third quarter was $175 million, a decrease of $3 million compared to the third quarter of 2018. Gross margin decreased to 39.5% in the third quarter of 2019 compared to a 41.2% gross margin in third quarter of 2018.

Our contract backlog as of September 30, 2019 was $3.9 billion, which remained consistent compared with our contract backlog of $3.9 billion as of December 31, 2018, while decreasing compared with contract backlog as of September 30, 2018 of $4.1 billion.

Our bookings, which reflect the value of executed contracts for software, hardware, other client services, private-cloud hosting, outsourcing and subscription-based services, totaled $236 million for the three months ended September 30, 2019, which represents an increase of 19% over the comparable prior period amount of $198 million and a decrease of 14% from the second quarter of 2019 amount of $276 million.

Overview of Consolidated Results

Three and Nine Months Ended September 30, 2019 Compared with the Three and Nine Months Ended September 30, 2018

(In thousands)	Three Months Ended September 30, 2019	2018	% Change	Nine Months Ended September 30, 2019	2018	% Change
Revenue:						
Software delivery, support and maintenance	$ 284,373	$ 274,138	3.7%	$ 844,908	$ 839,176	0.7%
Client services	159,811	158,292	1.0%	475,785	468,440	1.6%
Total revenue	444,184	432,430	2.7%	1,320,693	1,307,616	1.0%
Cost of revenue:						
Software delivery, support and maintenance	90,329	86,847	4.0%	269,813	265,795	1.5%
Client services	149,258	142,158	5.0%	430,814	429,420	0.3%
Amortization of software development and acquisition-related assets	29,295	25,473	15.0%	86,547	76,017	13.9%
Total cost of revenue	268,882	254,478	5.7%	787,174	771,232	2.1%
Gross profit	175,302	177,952	(1.5%)	533,519	536,384	(0.5%)
Gross margin %	39.5%	41.2%		40.4%	41.0%	
Selling, general and administrative expenses	101,152	108,125	(6.4%)	306,939	350,975	(12.5%)
Research and development	63,873	63,032	1.3%	191,597	202,313	(5.3%)
Asset impairment charges	248	0	NM	4,037	30,075	(86.6%)
Amortization of intangible and acquisition-related assets	6,847	6,609	3.6%	20,376	19,630	3.8%
Income (loss) from operations	3,182	186	NM	10,570	(66,609)	(115.9%)
Interest expense	(10,839)	(13,251)	(18.2%)	(31,447)	(36,925)	(14.8%)
Other income (loss), net	781	(536)	NM	(143,700)	(584)	NM
Gain on sale of businesses, net	0	0	NM	0	172,258	(100.0%)
Recovery (impairment) of long-term investments	0	0	NM	1,045	(15,487)	(106.7%)
Equity in net income (loss) of unconsolidated investments	386	(177)	NM	540	529	2.1%
(Loss) income from continuing operations before income taxes	(6,490)	(13,778)	(52.9%)	(162,992)	53,182	NM
Income tax benefit (provision)	765	1,637	(53.3%)	(640)	(5,918)	(89.2%)
Effective tax rate	11.8%	11.9%		(0.4%)	11.1%	
(Loss) income from continuing operations, net of tax	(5,725)	(12,141)	(52.8%)	(163,632)	47,264	NM
Loss from discontinued operations	0	(13,857)	(100.0%)	0	(32,980)	(100.0%)
Income tax effect on discontinued operations	0	2,152	(100.0%)	0	7,627	(100.0%)
Loss from discontinued operations, net of tax	0	(11,705)	(100.0%)	0	(25,353)	(100.0%)
Net (loss) income	(5,725)	(23,846)	(76.0%)	(163,632)	21,911	NM
Net loss attributable to non-controlling interest	0	4	(100.0%)	424	3,494	(87.9%)
Accretion of redemption preference on redeemable convertible non-controlling interest - discontinued operations	0	(12,149)	(100.0%)	0	(36,446)	(100.0%)
Net loss attributable to Allscripts Healthcare Solutions, Inc. stockholders	$ (5,725)	$ (35,991)	(84.1%)	$ (163,208)	$ (11,041)	NM

NM – We define "NM" as not meaningful for increases or decreases greater than 200%.

Revenue

(In thousands)	Three Months Ended September 30, 2019	2018	% Change	Nine Months Ended September 30, 2019	2018	% Change
Revenue:						
Recurring revenue	$ 349,455	$ 349,404	0.0%	$ 1,048,204	$ 1,063,440	(1.4%)
Non-recurring revenue	94,729	83,026	14.1%	272,489	244,176	11.6%
Total revenue	$ 444,184	$ 432,430	2.7%	$ 1,320,693	$ 1,307,616	1.0%

Three and Nine Months Ended September 30, 2019 Compared with the Three and Nine Months Ended September 30, 2018

Recurring revenue consists of subscription-based software sales, support and maintenance revenue, recurring transactions revenue and recurring revenue from managed services solutions, such as outsourcing, private cloud hosting and revenue cycle management. Non-recurring revenue consists of perpetual software licenses sales, hardware resale and non-recurring transactions revenue, and project-based client services revenue.

Recurring revenue remained consistent for the three months ended September 30, 2019 compared to the prior year comparable period with known attrition within the EIS and other businesses offset with an increase in subscription revenue. The sale of the OneContent business on April 2, 2018 also contributed to the decline in recurring revenue for the nine months ended September 30, 2019. The OneContent business was acquired as part of the EIS business acquisition on October 2, 2017 and it contributed $13 million of recurring revenue during the first quarter of 2018, including $1 million of amortization of acquisition-related deferred revenue adjustments. Non-recurring revenue increased due to higher sales of perpetual software licenses for our acute solutions and hardware in 2019 compared to 2018, partially offset by lower client services revenue related to the timing of software activations.

The percentage of recurring and non-recurring revenue of our total revenue was 79% and 21%, respectively, during the three and nine months ended September 30, 2019 and 81% and 19%, respectively, during the three and nine months ended September 30, 2018.

Gross Profit

(In thousands)	Three Months Ended September 30, 2019	2018	% Change	Nine Months Ended September 30, 2019	2018	% Change
Total cost of revenue	$ 268,882	$ 254,478	5.7%	$ 787,174	$ 771,232	2.1%
Gross profit	$ 175,302	$ 177,952	(1.5%)	$ 533,519	$ 536,384	(0.5%)
Gross margin %	39.5%	41.2%		40.4%	41.0%	

Three and Nine Months Ended September 30, 2019 Compared with the Three and Nine Months Ended September 30, 2018

Gross profit and gross margin decreased during the three months ended September 30, 2019 compared with the prior year comparable period, primarily due to an increase in hosting migration costs, higher amortization of software development and recognition of previously deferred expenses.

Gross profit was consistent for the nine months ended September 30, 2019 due the previously mentioned items, partially offset with increase in organic sales for Veradigm and our acute solutions in 2019 compared to 2018 and the sale of the OneContent business on April 2, 2019, which carried a higher gross margin compared with our other businesses.

Selling, General and Administrative Expenses

(In thousands)	Three Months Ended September 30, 2019	2018	% Change	Nine Months Ended September 30, 2019	2018	% Change
Selling, general and administrative expenses	$ 101,152	$ 108,125	(6.4%)	$ 306,939	$ 350,975	(12.5%)

Three and Nine Months Ended September 30, 2019 Compared with the Three and Nine Months Ended September 30, 2018

Selling, general and administrative expenses decreased during the three and nine months ended September 30, 2019, compared with the prior year comparable periods. The decline for the three months ended September 30, 2019 was primarily due to the impact of headcount reduction actions taken during 2018 as part of the integration of the EIS, Practice Fusion and Health Grid acquisitions. The decrease for the nine months ended September 30, 2019 was primarily due to the headcount reduction previously mentioned and the sale of OneContent, which resulted in one-time incentive compensation expenses and lower transaction-related and legal expenses.

Research and Development

(In thousands)	Three Months Ended September 30, 2019	2018	% Change	Nine Months Ended September 30, 2019	2018	% Change
Research and development	$ 63,873	$ 63,032	1.3%	$ 191,597	$ 202,313	(5.3%)

Three and Nine Months Ended September 30, 2019 Compared with theThree and Nine Months Ended September 30, 2018

Research and development expenses remained consistent during the three months ended September 30, 2019 compared with the prior year comparable period. Research and development expenses decreased during the nine months ended September 30, 2019, compared with the prior year comparable period and was primarily due to the sale of OneContent at the beginning of second quarter 2018 as there were $10 million of one-time incentive compensation expenses recorded in research and development as a result of the sale.

Asset Impairment Charges

	Three Months Ended September 30,			Nine Months Ended September 30,		
(In thousands)	**2019**	**2018**	**% Change**	**2019**	**2018**	**% Change**
Asset impairment charges	$ 248	$ 0	NM	$ 4,037	$ 30,075	(86.6%)

Three and Nine months Ended September 30, 2019 Compared with the Three and Nine Months Ended September 30, 2019

Asset impairment charges for the three and nine months ended September 30, 2019 were primarily the result of retiring certain hosting assets due to data center migrations. During the nine months ended September 30, 2018, we recognized non-cash asset impairment charges related to the write-off of purchased third-party software as a result of our decision to discontinue several software development projects.

Amortization of Intangible Assets

	Three Months Ended September 30,			Nine Months Ended September 30,		
(In thousands)	**2019**	**2018**	**% Change**	**2019**	**2018**	**% Change**
Amortization of intangible and acquisition-related assets	$ 6,847	$ 6,609	3.6%	$ 20,376	$ 19,630	3.8%

Three and Nine Months Ended September 30, 2019 Compared with the Three and Nine Months Ended September 30, 2018

The increase in amortization expense for the three and nine months ended September 30, 2019, compared with the prior year comparable periods, was due to incremental amortization expense associated with intangible assets acquired as part of business combinations completed during 2018.

Interest Expense

	Three Months Ended September 30,			Nine Months Ended September 30,		
(In thousands)	**2019**	**2018**	**% Change**	**2019**	**2018**	**% Change**
Interest expense	$ 10,839	$ 13,251	(18.2%)	$ 31,447	$ 36,925	(14.8%)

Three and Nine Months Ended September 30, 2019 Compared with the Three and Nine Months Ended September 30, 2018

Interest expense during the three and nine months ended September 30, 2019 decreased compared to the prior year comparable periods, due to the impact of lower average outstanding borrowings partially offset by higher interest rates.

Other Income (Loss), Net

	Three Months Ended September 30,			Nine Months Ended September 30,		
(In thousands)	**2019**	**2018**	**% Change**	**2019**	**2018**	**% Change**
Other income (loss), net	$ 781	$ (536)	NM	$ (143,700)	$ (584)	NM

Three and Nine Months Ended September 30, 2019 Compared with the Three and Nine Months Ended September 30, 2019

Other income (loss), net for the three and nine months ended September 30, 2019 and 2018 consisted of a combination of interest income, and miscellaneous receipts and expenses. The large increase in loss during 2019 was due to the expected $145 million settlement with the DOJ related to its civil and criminal investigations of Practice Fusion. Refer to Note 13, "Contingencies" of the Notes to the Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q for further information regarding the investigations.

Gain on Sale of Businesses, Net

	Three Months Ended September 30,			Nine Months Ended September 30,		
(In thousands)	**2019**	**2018**	**% Change**	**2019**	**2018**	**% Change**
Gain on sale of businesses, net	$ 0	$ 0	NM	$ 0	$ 172,258	(100.0%)

Three and Nine Months Ended September 30, 2019 Compared with the Three and Nine Months Ended September 30, 2018

Gain on sale of businesses, net during the nine months ended September 30, 2018 consists of a gain of $177.9 million and a loss of $5.6 million from the divestiture of our OneContent and Strategic Sourcing businesses, respectively.

Recovery (impairment) of Long-term investments

(In thousands)	Three Months Ended September 30, 2019	2018	% Change	Nine Months Ended September 30, 2019	2018	% Change
Recovery (impairment) of long-term investments	$ 0	$ 0	NM	$ 1,045	$ (15,487)	(106.7%)

Three and Nine Months Ended September 30, 2019 Compared with the Three and Nine Months Ended September 30, 2018

During the nine months ended September 30, 2019, we recovered $1.0 million from a third-party cost-method investment that we had previously impaired. The impairment charges for the nine months ended September 30, 2018 were the result of non-cash charges related to two of our cost-method equity investments and a related note receivable. These charges equaled the cost bases of the investments and the related note receivable prior to the impairment.

Equity in Net (Loss) Income of Unconsolidated Investments

(In thousands)	Three Months Ended September 30, 2019	2018	% Change	Nine Months Ended September 30, 2019	2018	% Change
Equity in net income (loss) of unconsolidated investments	$ 386	$ (177)	NM	$ 540	$ 529	2.1%

Three and Nine Months Ended September 30, 2019 Compared with the Three and Nine Months Ended September 30, 2018

Equity in net loss of unconsolidated investments represents our share of the equity earnings of our investments in third parties accounted for under the equity method of accounting.

Income Taxes

(In thousands)	Three Months Ended September 30, 2019	2018	% Change	Nine Months Ended September 30, 2019	2018	% Change
Income tax benefit (provision)	$ 765	$ 1,637	(53.3%)	$ (640)	$ (5,918)	(89.2%)
Effective tax rate	11.8%	11.9%		(0.4%)	11.1%	

Three and Nine Months Ended September 30, 2019 Compared with the Three and Nine Months Ended September 30, 2018

The United States Tax Cuts and Jobs Act (the "Tax Act") was enacted on December 22, 2017 and introduced significant changes to the income tax law in the United States. Our provision for income taxes differs from the tax computed at the U.S. federal statutory income tax rate primarily due to permanent differences, income attributable to foreign jurisdictions taxed at different rates, state taxes, tax credits and certain discrete items. Our effective tax rate for the three and nine months ended September 30, 2019, compared with the prior year comparable periods, differs primarily due to higher tax shortfalls associated with stock-based compensation reflected in the provision for the nine months ended September 30, 2019 and release of valuation allowance of $14.5 million recorded during the nine months ended September 30, 2018.

In evaluating our ability to recover our deferred tax assets within the jurisdictions from which they arise, we consider all available evidence, including scheduled reversals of deferred tax liabilities, tax-planning strategies, and results of recent operations. In evaluating the objective evidence that historical results provide, we consider three years of cumulative operating income (loss). During the three and nine months ended September 30, 2019, we recorded immaterial impacts for valuation allowances.

Discontinued Operations

(In thousands)	Three Months Ended September 30, 2019	2018	% Change	Nine Months Ended September 30, 2019	2018	% Change
Loss from discontinued operations	$ 0	$ (13,857)	(100.0%)	$ 0	$ (32,980)	(100.0%)
Income tax effect on discontinued operations	$ 0	$ 2,152	(100.0%)	$ 0	$ 7,627	(100.0%)

Three and Nine Months Ended September 30, 2019 Compared with the Three and Nine Months Ended September 30, 2018

On December 31, 2018, we sold all of the Class A Common Units of Netsmart owned by the Company. Prior to the sale, Netsmart comprised a separate reportable segment due to its significance to our historical consolidated financial statements and results of operations, and is now reported as a discontinued operation as a result of the sale for all periods presented. The loss from discontinued operations primarily represents the net losses incurred by Netsmart for the three and nine months ended September 30, 2018. Also included in discontinued operations are earnings associated with the Horizon Clinicals and Series2000 Revenue Cycle product offerings, which we stopped supporting effective as of March 31, 2018. Refer to Note 14, "Discontinued Operations" of the Notes to Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q for further information regarding discontinued operations.

Non-Controlling Interests

	Three Months Ended September 30,			Nine Months Ended September 30,		
(In thousands)	**2019**	**2018**	**% Change**	**2019**	**2018**	**% Change**
Net loss attributable to non-controlling interest	$ 0	$ 4	(100.0%)	$ 424	$ 3,494	(87.9%)
Accretion of redemption preference on redeemable convertible non-controlling interest - discontinued operations	$ 0	$ (12,149)	(100.0%)	$ 0	$ (36,446)	(100.0%)

Three and Nine Months Ended September 30, 2019 Compared with the Three and Nine Months Ended September 30, 2018

The net loss attributable to non-controlling interest represents the share of earnings of consolidated affiliates that is attributable to the affiliates' common stock that is not owned by us for each of the periods presented. The accretion of redemption preference on redeemable convertible non-controlling interest represents the accretion of liquidation preference at 11% per annum to the value of the preferred units of Netsmart, prior to the sale of our investment in Netsmart on December 31, 2018.

Segment Operations

During the first quarter of 2019, we changed our reportable segments from Clinical and Financial Solutions, Population Health and Unallocated to Provider, Veradigm and Unallocated. The segment disclosures below for the three and nine months ended September 30, 2018, have been revised to conform to the current year presentation. Refer to Note 15 "Business Segments" of the Notes to Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q for further discussion on the impact of the change.

Overview of Segment Results

	Three Months Ended September 30,			Nine Months Ended September 30,		
(In thousands)	**2019**	**2018**	**% Change**	**2019**	**2018**	**% Change**
Revenue:						
Provider	$ 396,679	$ 402,213	(1.4%)	$ 1,194,976	$ 1,226,104	(2.5%)
Veradigm	41,680	38,775	7.5%	115,317	95,079	21.3%
Unallocated Amounts	5,825	(8,558)	168.1%	10,400	(13,567)	176.7%
Total revenue	$ 444,184	$ 432,430	2.7%	$ 1,320,693	$ 1,307,616	1.0%
Gross Profit:						
Provider	$ 168,047	$ 175,393	(4.2%)	$ 508,180	$ 545,223	(6.8%)
Veradigm	25,655	27,669	(7.3%)	75,203	66,112	13.8%
Unallocated Amounts	(18,400)	(25,110)	26.7%	(49,864)	(74,951)	33.5%
Total gross profit	$ 175,302	$ 177,952	(1.5%)	$ 533,519	$ 536,384	(0.5%)
Income (loss) from operations:						
Provider	$ 96,895	$ 101,130	(4.2%)	$ 301,294	$ 308,071	(2.2%)
Veradigm	8,975	12,850	(30.2%)	29,525	26,163	12.9%
Unallocated Amounts	(102,688)	(113,794)	9.8%	(320,249)	(400,843)	20.1%
Total income (loss) from operations	$ 3,182	$ 186	NM	$ 10,570	$ (66,609)	115.9%

Provider

Our Provider segment derives its revenue from the sale of integrated clinical software applications, financial management and patient engagement solutions, which primarily include EHR-related software, connectivity and coordinated care solutions, financial and practice management software, related installation, support and maintenance, outsourcing, private cloud hosting, revenue cycle management, training and electronic claims administration services.

	Three Months Ended September 30,			Nine Months Ended September 30,		
(In thousands)	**2019**	**2018**	**% Change**	**2019**	**2018**	**% Change**
Revenue	$ 396,679	$ 402,213	(1.4%)	$ 1,194,976	$ 1,226,104	(2.5%)
Gross profit	$ 168,047	$ 175,393	(4.2%)	$ 508,180	$ 545,223	(6.8%)
Gross margin %	42.4%	43.6%		42.5%	44.5%	
Income from operations	$ 96,895	$ 101,130	(4.2%)	$ 301,294	$ 308,071	(2.2%)
Operating margin %	24.4%	25.1%		25.2%	25.1%	

Three and Nine Months Ended September 30, 2019 Compared with the Three and Nine Months Ended September 30, 2018

Provider revenue decreased during the three months ended September 30, 2019, compared with the prior year comparable period due to known attrition within the EIS and other businesses. The sale of the OneContent and Strategic Sourcing businesses on March 15, 2018 and on April 2, 2018, respectively, contributed to the decline in revenue for the nine months ended September 30, 2019. These businesses were acquired as part of the EIS business acquisition on October 2, 2017 and contributed $16 million of revenue during the first quarter of 2018, including $1 million of amortization of acquisition-related deferred revenue adjustments. These decreases were partly offset by higher sales of perpetual software licenses for our acute solutions in 2019 compared to 2018 and additional revenue from the acquisition of Health Grid during 2018.

Gross profit and margin decreased during the three months ended September 30, 2019 compared with the prior year comparable period primarily due the previously mentioned attrition and increased hosting migration costs. These were partially offset with lower costs due to the decline in sales. The sale of OneContent, which had higher overall profitability, compared with our other Provider businesses, contributed to the decline of gross profit and margin for the nine months ended September 30, 2019. The operating margin for the three and nine months ended September 30, 2019, compared with the prior year comparable periods decreased. This decrease was the result of a decline in gross profit partially offset by lower selling, general and administrative, and research and development expenses driven by headcount reduction actions taken during 2018 as part of the integration of the EIS and Health Grid acquisitions.

Veradigm

Our Veradigm segment derives its revenue from the provision of data-driven clinical insights with actionable tools for clinical workflow, research, analytics and media. Its solutions, targeted at key healthcare stakeholders, help improve the quality, efficiency and value of healthcare delivery – from biopharma to health plans, healthcare providers and patients, and health technology partners, among others.

	Three Months Ended September 30,			Nine Months Ended September 30,		
(In thousands)	**2019**	**2018**	**% Change**	**2019**	**2018**	**% Change**
Revenue	$ 41,680	$ 38,775	7.5%	$ 115,317	$ 95,079	21.3%
Gross profit	$ 25,655	$ 27,669	(7.3%)	$ 75,203	$ 66,112	13.8%
Gross margin %	61.6%	71.4%		65.2%	69.5%	
Income from operations	$ 8,975	$ 12,850	(30.2%)	$ 29,525	$ 26,163	12.9%
Operating margin %	21.5%	33.1%		25.6%	27.5%	

Three and Nine Months Ended September 30, 2019 Compared with the Three and Nine Months Ended September 30, 2018

Veradigm revenue increased for the three and nine months ended September 30, 2019 compared with the prior year comparable periods due to an increase in organic sales. Gross profit and income from operations decreased during the three months ended September 30, 2019 compared with the prior year comparable period due to increased hosting migration costs. Gross profit and income from operations increased for the nine months ended September 30, 2019 due to an increase in organic sales and cost reductions partially offset with headcount growth and hosting migration costs. The acquisition of Practice Fusion during the first quarter of 2018 also contributed to the nine months ended September 30, 2019 increase.

Gross margin and operating margin decreased during the three and nine months ended September 30, 2019, compared with the prior year comparable periods, primarily due to (i) an increase in hosting migration costs, (ii) costs associated with recent acquisitions, (iii) headcount growth and (iv) partially offset with other cost reductions.

Unallocated Amounts

In determining revenue, gross profit and income from operations for our segments, we do not include in revenue the amortization of acquisition-related deferred revenue adjustments, which reflect the fair value adjustments to deferred revenues acquired in a business acquisition. We also exclude the amortization of intangible assets, stock-based compensation expense, expenses not reflective of our core business and transaction-related costs and non-cash asset impairment charges from the operating segment data provided to our CODM. Expenses not reflective of our core business relate to certain severance, product consolidation, legal, consulting and other charges. Accordingly, these amounts are not included in our reportable segment results and are included in the "Unallocated Amounts" category. The "Unallocated Amounts" category also includes (i) corporate general and administrative expenses (including marketing expenses) and certain research and development expenses related to common solutions and resources that benefit all of our business units, all of which are centrally managed, and (ii) revenue and the associated cost from the resale of certain ancillary products, primarily hardware.

	Three Months Ended September 30,			Nine Months Ended September 30,		
(In thousands)	**2019**	**2018**	**% Change**	**2019**	**2018**	**% Change**
Revenue	$ 5,825	$ (8,558)	168.1%	$ 10,400	$ (13,567)	176.7%
Gross profit	$ (18,400)	$ (25,110)	26.7%	$ (49,864)	$ (74,951)	33.5%
Gross margin %	NM	NM		NM	NM	
Loss from operations	$ (102,688)	$ (113,794)	9.8%	$ (320,249)	$ (400,843)	20.1%
Operating margin %	NM	NM		NM	NM	

Three and Nine Months Ended September 30, 2019 Compared with the Three and Nine Months Ended September 30, 2018

Revenue from the resale of ancillary products, primarily consisting of hardware, is customer and project driven and, as a result, can fluctuate from period to period. Revenue for the three months ended September 30, 2019 increased compared with the prior year comparable period due to an increase in hardware revenue in other products as well as only $0.4 million in amortization of acquisition-related deferred revenue adjustments that was recorded during the three months ended September 30, 2019 compared to $7.3 million during the three months ended September 30, 2018. The acquisition-related adjustments in 2018 primarily resulted from the acquisitions of the EIS, Practice Fusion and Nant Health. Revenue for the nine months ended September 30, 2019 increased compared with the prior year comparable period due to an increase in hardware revenue in other products as well as only $1.5 million in amortization of acquisition-related deferred revenue adjustments that was recorded during the nine months ended September 30, 2019 compared to $23.4 million during the nine months ended September 30, 2018.

Gross unallocated expenses, which represent the unallocated loss from operations excluding the impact of revenue, totaled $109 million for the three months ended September 30, 2019 compared with $105 million for the prior year comparable period. The decrease for the three months ended September 30, 2019 compared with the comparable prior year period was primarily driven by costs related to the increase in hardware sales and higher transaction-related, severance and legal expenses of $2 million offset with a decrease in stock-based compensation by $2 million. Gross unallocated expenses totaled $331 million for the nine months ended September 30, 2019 compared with $387 million for the nine months ended September 30, 2018. The decrease was primarily due to (i) lower asset impairment charges of $26 million, (ii) $32 million lower net transaction-related severance and legal expenses and (iii) partially offset with an increase in stock-based compensation of $3 million.

Contract Backlog

Contract backlog represents the value of bookings and support and maintenance contracts that have not yet been recognized as revenue. A summary of contract backlog by revenue category is as follows:

				% Change vs. September 30, 2019	
(In millions)	**As of September 30, 2019**	**As of December 31, 2018**	**As of September 30, 2018**	**December 31, 2018**	**September 30, 2018**
Software delivery, support and maintenance	$ 2,550	$ 2,507	$ 2,641	1.7%	(3.4%)
Client services	1,359	1,350	1,486	0.7%	(8.5%)
Total contract backlog	$ 3,909	$ 3,857	$ 4,127	1.3%	(5.3%)

Total contract backlog as of September 30, 2019 slightly increased compared with December 31, 2018 and decreased compared with September 30, 2018. Total contract backlog can fluctuate between periods based on the level of revenue and bookings, as well as the timing and mix of renewal activity and periodic revalidations.

Liquidity and Capital Resources

The primary factors that influence our liquidity include, but are not limited to, the amount and timing of our revenues, cash collections from our clients, capital expenditures and investments in research and development efforts, including investments in or acquisitions of third-parties. As of September 30, 2019, our principal sources of liquidity consisted of cash and cash equivalents of $139 million and available borrowing capacity of $649 million under our revolving credit facility. The change in our cash and cash equivalents balance is reflective of the following:

Operating Cash Flow Activities

	Nine Months Ended September 30,		
(In thousands)	2019	2018	$ Change
Net (loss) income	$ (163,632)	$ 21,911	$ (185,543)
Less: Loss from discontinued operations	0	(25,353)	25,353
(Loss) income from continuing operations	(163,632)	47,264	(210,896)
Non-cash adjustments to net income (loss)	200,717	46,930	153,787
Cash impact of changes in operating assets and liabilities	26,859	(28,865)	55,724
Net cash provided by operating activities - continuing operations	63,944	65,329	(1,385)
Net cash (used in) provided by operating activities - discontinued operations	(30,000)	16,225	(46,225)
Net cash provided by operating activities	$ 33,944	$ 81,554	$ (47,610)

Nine Months Ended September 30, 2019 Compared with the Nine Months Ended September 30, 2018

Net cash provided by operating activities from continuing operations slightlydecreased during the nine months ended September 30, 2019 compared with the prior year comparable period primarily due to working capital changes and higher incentive compensation payments. Non-cash adjustments to net (loss) income increased during the nine months ended September 30, 2019 compared with prior year comparable period. This increase was primarily due to the gain on sale of OneContent occurring in 2018 combined with higher depreciation and amortization expenses, which were primarily due to amortization of right-of-use assets. These increases were partially offset by a recovery of a previously impaired investment and lower impairment charges during the nine months ended September 30, 2019 as compared to the prior year comparable period. Net (loss) income and Cash impact of changes in operating assets and liabilities reflects the $145 million settlement with the DOJ's investigations.

Net cash used in operating activities – discontinued operations during the nine months ended September 30, 2019 reflects an advance income tax payment related to the gain realized upon the sale of our investment in Netsmart on December 31, 2018.

Investing Cash Flow Activities

	Nine Months Ended September 30,		
(In thousands)	2019	2018	$ Change
Capital expenditures	$ (13,475)	$ (21,924)	$ 8,449
Capitalized software	(86,190)	(83,093)	(3,097)
Cash paid for business acquisitions, net of cash acquired	(23,443)	(177,233)	153,790
Cash received from sale of businesses, net	0	241,153	(241,153)
Purchases of equity securities, other investments and related intangible assets, net	(7,191)	(2,723)	(4,468)
Other proceeds from investing activities	14	54	(40)
Net cash used in investing activities - continuing operations	(130,285)	(43,766)	(86,519)
Net cash used in investing activities - discontinued operations	0	(189,555)	189,555
Net cash used in investing activities	$ (130,285)	$ (233,321)	$ 103,036

Nine Months Ended September 30, 2019 Compared with the Nine Months Ended September 30, 2018

Net cash used in investing activities from continuing operations increased during the nine months ended September 30, 2019, compared with the prior year comparable period. The increase in the use of cash during 2019 was primarily due to the absence of sales of businesses. The sale of OneContent produced significant investing cash inflows during the nine months ended September 30, 2018, which was partially offset with cash paid for the acquisitions of Practice Fusion and Health Grid. Businesses purchased during 2019 include the Pinnacle and Diabetes Collaborative Registries and the assets of a business engaged in the development, implementation, customization, marketing, licensing and sale of a specialty prescription drug platform including software that collects, saves and transmits information required to fill a prescription.

Financing Cash Flow Activities

(In thousands)	Nine Months Ended September 30, 2019	2018	$ Change
Proceeds from sale or issuance of common stock	$ 0	$ 1,283	$ (1,283)
Taxes paid related to net share settlement of equity awards	(6,762)	(8,763)	2,001
Payments on debt instruments and lease obligations	(15,108)	(250,390)	235,282
Credit facility borrowings, net of issuance costs	249,241	325,843	(76,602)
Repurchase of common stock	(102,160)	(101,905)	(255)
Repurchase of unsettled common stock	(9,301)	0	(9,301)
Payment of acquisition and other financing obligations	(11,473)	(3,226)	(8,247)
Purchases of subsidiary shares owned by non-controlling interest	(54,064)	(6,945)	(47,119)
Net cash provided by (used in) financing activities - continuing operations	50,373	(44,103)	94,476
Net cash provided by financing activities - discontinued operations	0	153,491	(153,491)
Net cash provided by financing activities	$ 50,373	$ 109,388	$ (59,015)

Nine Months Ended September 30, 2019 Compared with the Nine Months Ended September 30, 2018

Net cash provided by financing activities from continuing operations increased during the nine months ended September 30, 2019, compared with the prior year comparable period. The increase in the source of cash was primarily driven by a decrease in payments on debt instruments. This increase was partially offset with a decrease in credit facility borrowings, an increase in the repurchase of common stock and the purchase all of the outstanding minority interest in Pulse8, Inc. compared with the nine months ended September 30, 2018. The higher net credit facility borrowings during the nine months ended September 30, 2018 was the result of additional borrowings used to fund the acquisitions of Practice Fusion and Health Grid.

Future Capital Requirements

The following table summarizes our required minimum future payments under the 1.25% Notes and the Senior Secured Credit Facility as of September 30, 2019.

(In thousands)	Total	Remainder of 2019	2020	2021	2022	2023	Thereafter
Principal payments:							
1.25% Cash Convertible Senior Notes (1)	$ 345,000	$ 0	$ 345,000	$ 0	$ 0	$ 0	$ 0
Senior Secured Credit Facility (2)	585,000	5,000	27,500	30,000	37,500	485,000	0
Total principal payments	930,000	5,000	372,500	30,000	37,500	485,000	0
Interest payments:							
1.25% Cash Convertible Senior Notes (1)	4,313	0	4,313	0	0	0	0
Senior Secured Credit Facility (2) (3)	70,886	5,465	21,351	20,310	19,181	4,579	0
Total interest payments	75,199	5,465	25,664	20,310	19,181	4,579	0
Total future debt payments	$ 1,005,199	$ 10,465	$ 398,164	$ 50,310	$ 56,681	$ 489,579	$ 0

(1) Assumes no cash conversions of the 1.25% Notes prior to their maturity on July 1, 2020.
(2) Assumes no additional borrowings after September 30, 2019, payment of any required periodic installments of principal and that all drawn amounts are repaid upon maturity.
(3) Assumes LIBOR plus the applicable margin remain constant at the rate in effect on September 30, 2019, which was 3.54%.

Other Matters Affecting Future Capital Requirements

We plan to fund the expected $145 million settlement with the DOJ related to its investigations through future cash flows and draws on our Revolving Facility. On August 7, 2019, we entered into a First Amendment to the Second Amended Credit Agreement with JPMorgan Chase Bank, N.A., as administrative agent, and certain other lenders. Refer to Note 9, “Debt” of the Notes to the Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q for further information regarding this amendment.

Our total investment in research and development efforts during 2019 is expected to increase overall for the remainder of the year compared with 2018, as we continue to build and expand capabilities and functionality in Veradigm and our Consumer Health offerings while reducing investment in traditional ambulatory, acute and post-acute platforms. Our total spending consists of research and development costs directly recorded to expense, which are offset by the capitalization of eligible development costs.

During 2019, we completed renegotiations with Atos to improve the operating cost structure of our private cloud hosting operations. The new agreement also provides for the payment of initial annual base fees of $35 million per year (increase from $30 million) plus charges for volume-based services currently projected using volumes estimated based on historical actuals and forecasted projections. During the three and nine months ended September 30, 2019, we incurred $28 million and $72 million, respectively, of expenses under our agreement with Atos. These costs are included in cost of revenue in our consolidated statements of operations.

To supplement our statement of operations, the table below presents a non-GAAP measure of research and development-related expenses, that we believe is a useful metric for evaluating how we are investing in research and development.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	**2019**	**2018**	**2019**	**2018**
Research and development costs directly recorded to expense	$ 63,873	$ 63,032	$ 191,597	$ 202,313
Capitalized software development costs per consolidated statement of cash flows	30,968	25,754	86,190	83,093
Total non-GAAP R&D-related spending	$ 94,841	$ 88,786	$ 277,787	$ 285,406
Total revenue	$ 444,184	$ 432,430	$ 1,320,693	$ 1,307,616
Total non-GAAP R&D-related spending as a % of total revenue	21.4%	20.5%	21.0%	21.8%

We believe that our cash and cash equivalents of $139 million as of September 30, 2019, our future cash flows, our borrowing capacity under our Revolving Facility and access to capital markets, taken together, provide adequate resources to meet future operating needs as well as scheduled payments of short and long-term debt. We cannot provide assurance that our actual cash requirements will not be greater than we expect as of the date of this Form 10-Q. We will, from time to time, consider the acquisition of, or investment in, complementary businesses, products, services and technologies and the repurchase of our common stock under our 2018 stock repurchase program, each of which might impact our liquidity requirements or cause us to borrow under our Revolving Facility or issue additional equity or debt securities.

Contractual Obligations, Commitments and Off-Balance Sheet Arrangements

We have various contractual obligations, which are recorded as liabilities in our consolidated financial statements. During the three months ended September 30, 2019, there were no material changes, outside of the ordinary course of business, to our contractual obligations and purchase commitments previously disclosed in our Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our market risk disclosures set forth in Part II, Item 7A, “Quantitative and Qualitative Disclosures About Market Risk” of our Form 10-K have not changed materially during the nine months ended September 30, 2019.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the direction of our chief executive officer and chief financial officer, we evaluated our disclosure controls and procedures pursuant to Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and concluded that our disclosure controls and procedures were effective as of September 30, 2019.

Changes in Internal Control over Financial Reporting

We have implemented, and continue to refine, internal controls related to the new leasing accounting standard which we adopted on January 1, 2019. There have been no other changes in our internal control over financial reporting during the quarter ended September 30, 2019, which were identified in connection with management’s evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We hereby incorporate by reference Note 13, “Contingencies,” of the Notes to Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q.

Item 1A. Risk Factors

Except as follows, there have been no material changes during the nine months ended September 30, 2019 from the risk factors as previously disclosed in our Form 10-K.

If we fail to finalize our agreement in principle with the DOJ or fail to comply with the terms of any such final settlement documents, including a deferred prosecution agreement and a civil settlement agreement, that we expect to negotiate and sign in connection with the resolution of the DOJ’s investigations into certain of Practice Fusion’s business practices, our business, results of operations and financial condition will be materially and adversely affected. In addition, even if we finalize and comply with those agreements, the costs and burdens of compliance could be significant, and we may face additional investigations and proceedings from other governmental entities or third parties related to the same or similar conduct underlying the agreements with the DOJ.

On August 8, 2019, we announced that we reached an agreement in principle with the DOJ to resolve the DOJ’s civil and criminal investigations into Practice Fusion. We also announced that we accrued an estimated loss of $145 million related to this matter. See Note 13, “Contingencies” of the Notes to Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q for additional information. We expect that a final settlement with the DOJ, if it were to be completed, would include other material non-financial terms and conditions, including a deferred prosecution agreement and a civil settlement agreement. A variety of material issues remain subject to further negotiation and approval by us and the government before the agreement in principle can be finalized, and the terms described above may change following further negotiation. We cannot provide assurances that our efforts to reach a final settlement with the DOJ will be successful or, if they are, the timing or final terms of any such settlement.

If completed and executed, the final settlement documents with the DOJ could contain material non-financial terms and conditions. In addition, compliance with the terms of any such final settlement documents could impose significant costs and burdens on us. If we fail to comply with any such final settlement documents, the DOJ may impose substantial monetary penalties, exclude Practice Fusion from Medicare, Medicaid and other federal healthcare programs, and/or criminally prosecute Practice Fusion, which could have a material adverse effect on our business, financial condition and results of operations.

If a final agreement cannot be reached, it is likely that the DOJ will bring one or more enforcement actions against Practice Fusion. If the federal government were to file enforcement actions against Practice Fusion as a result of the investigations and could establish the elements of a violation of relevant laws, we could be subject to damages, which could be substantial, fines and penalties, or other criminal, civil or administrative sanctions, and we would expect to incur significant costs in connection with such enforcement action, regardless of the outcome. If any or all of these events occur, our business, financial condition and results of operations could be materially and adversely affected.

Other government investigations or legal or regulatory proceedings, including investigations or proceedings brought by private litigants or shareholders, federal agencies, private insurers and states’ attorneys general, may follow as a consequence of our agreement in principle with the DOJ or any final settlement documents, any of which could result in substantial expenses, divert management’s attention from other business concerns and have a material adverse effect on our business, results of operations and financial condition. We may also be subject to negative publicity related to these matters that could harm our reputation, reduce demand for our solutions and services, result in employee attrition and negatively impact our stock price.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On August 2, 2018, we announced that our Board of Directors approved a stock repurchase program under which we may repurchase up to $250 million of our common stock through December 31, 2020. Any repurchase activity will depend on many factors such as our working capital needs, cash requirements for investments, debt repayment obligations, economic and market conditions at the time, including the price of our common stock, and other factors that we consider relevant. Our stock purchase program may be accelerated, suspended, delayed or discontinued at any time.

The following table summarizes the stock repurchase activity during the three months ended September 30, 2019 and the approximate dollar value of shares that may yet be purchased under our stock repurchase program:

(In thousands, except per share amounts)

Period (Based on Trade Date)	Total Number Of Shares Purchased	Average Price Paid Per Share	Total Number Of Shares Purchased As Part Of Publicly Announced Plans Or Programs	Approximate Dollar Value Of Shares That May Yet Be Purchased Under The Plans Or Programs
07/01/19—07/31/19	0	$ 0.00	0	$ 148,104
08/01/19—08/31/19	0	$ 0.00	0	$ 148,104
09/01/19—09/30/19	3,459	$ 10.70	3,459	$ 111,084
	3,459	$ 10.70	3,459	

Item 6. Exhibits

Exhibit Number	Exhibit Description	Filed Herewith	Furnished Herewith
31.1	Rule 13a - 14(a) Certification of Chief Executive Officer	X	
31.2	Rule 13a - 14(a) Certification of Chief Financial Officer	X	
32.1	Section 1350 Certifications of Chief Executive Officer and Chief Financial Officer		X
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline document	X	
101.SCH	Inline XBRL Taxonomy Extension Schema	X	
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase	X	
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase	X	
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase	X	
101.DEF	Inline XBRL Taxonomy Definition Linkbase	X	
104	The cover page from the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, formatted in Inline XBRL and included in Exhibit 101.	X	

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.

By: /s/ Dennis M. Olis

Dennis M. Olis
Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: November 5, 2019

Exhibit 31.1

Certification

I, Paul M. Black, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Allscripts Healthcare Solutions, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2019

/s/ Paul M. Black

Chief Executive Officer

Exhibit 31.2

Certification

I, Dennis M. Olis, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Allscripts Healthcare Solutions, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2019

/s/ Dennis M. Olis

Chief Financial Officer

Exhibit 32.1

The following statement is being made to the Securities and Exchange Commission solely for purposes of Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), which carries with it certain criminal penalties in the event of a knowing or willful misrepresentation.

Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Re: Allscripts Healthcare Solutions, Inc.

Ladies and Gentlemen:

In accordance with the requirements of Section 906 of the Sarbanes-Oxley Act of 2002 (18 USC 1350), each of the undersigned hereby certifies that:

(i) this Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, which this statement accompanies, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(ii) the information contained in this Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, fairly presents, in all material respects, the financial condition and results of operations of Allscripts Healthcare Solutions, Inc.

Dated as of this 5th day of November, 2019.

/s/ Paul M. Black	/s/ Dennis M. Olis
Paul M. Black	**Dennis M. Olis**
Chief Executive Officer	**Chief Financial Officer**

A signed original of this written statement required by Section 906 has been provided to Allscripts Healthcare Solutions, Inc. and will be retained by Allscripts Healthcare Solutions, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.